



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 19th 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

P. RAJESH KUMAR JAIN

Date : 28.07.2008

COMPANY SECRETARY

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

P. RAJESH KUMAR JAIN

Date : 28.07.2008

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
APPROPRIATION :		
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
TOTAL	3166.76	3011.74

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

F O R M 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 Employment	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



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



c) **Number of other Directorships, Committee Membership(s) & Chairmanship(s):**

Sl. No.	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	G Mangilal Surana	13	1	1
2	Narender Surana	29	1	None
3	Devendra Surana	29	1	None
4	O Swaminatha Reddy	14	6	4
5	R Surender Reddy	10	6	4
6	S R Vijayakar	2	2	None
7	S.Balasubramanian	None	None	None
8	Dr R.N. Sreenath	1	None	None

d) **Number of Board Meetings held and the date on which held:**

A total of 8 Board Meetings were held during the year as against the minimum requirement of 4 meetings. The maximum gap between any two Board Meetings was not more than four months at any time.

The dates on which the Board meetings were held are:

16.05.2007	21.06.2007	27.07.2007	18.09.2007
27.09.2007	26.10.2007	08.11.2007	31.01.2008

e) **Pecuniary relationship or transactions of Non-Executive Director:**

Apart from receiving Directors Remuneration, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgement of the Director.

3. **Audit Committee:**

The Company's Audit Committee comprises of the following Directors all of whom are Non-Executive, the majority being Independent Directors:

1. Shri O Swaminatha Reddy - Chairman
2. Shri G Mangilal Surana - Member
3. Shri R Surender Reddy - Member
4. Shri S R Vijayakar - Member

P. Rajesh Kumar Jain, Company Secretary, is acting as Secretary to the Audit Committee.

The terms of reference stipulated by the Board to the Audit Committee includes review of the following:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions submitted by Management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of Audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.



- The annual financial statements before submission to the board for approval, with particular reference to following with the Management:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by Management
 - iv. Significant adjustments made in the financial statements arising out of Audit findings
 - v. Compliance with listing and other legal requirements relating to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft Audit Report.
- Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the Management, performance of statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the Department, reporting structure coverage and frequency of internal audit.
- Discussion with Internal Auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non payment of declared dividends) and Creditors.

The Company continued to derive immense benefit from the deliberation of the Audit Committee comprising three Non-Executive and Independent Directors. As Shri O. Swaminatha Reddy who is heading the Audit Committee as Chairman having rich experience and professional knowledge in Finance, Accounts and Company Law, the members always added the value for the Company. Minutes of each Audit Committee are placed before the Board and discussed in the meeting.

During the year, the Audit Committee Meetings were held on the following dates:

21.06.2007	27.07.2007	26.10.2007	31.01.2008
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Attendance Record - 2007-2008

Sl No	Name of the Director	No. of Meetings Attended
1	Shri O Swaminatha Reddy	4
2	Shri G Mangilal Surana	4
3	Shri R Surender Reddy	2
3	Shri S R Vijayakar	3

The Statutory Auditors and Internal Auditors of the Company have also attended the above meetings on invitation. The recommendations made by the Audit Committee from time to time have been followed by the Company. The Chairman of the Audit Committee has attended the Annual General Meeting to answer the queries raised by the shareholders regarding Audit and Accounts.



4. Remuneration Committee:

The Company does not have a formal Remuneration Committee and complied with the Schedule - XIII of the Companies Act 1956.

5. Remuneration of Directors:

The Company has revised its sitting fees payable to all the Non-Executive Directors from Rs.1500/- to Rs. 3,000/- for each Meeting w.e.f 16th May, 2007. The details of Sitting Fees paid to the Non-executive Directors for attending Board Meetings and Committee Meetings during the Financial Year 2007-08 are as follows:

Sl. No.	Name of Director	Commission	Sitting Fees paid (Rs.)
1	Shri G Mangilal Surana	-	48,500
2	Shri O Swaminatha Reddy	-	45,500
3	Shri R Surender Reddy	-	21,000
4	Shri S R Vijayakar	-	42,500
	Total	-	1,57,500

No pecuniary relationship exists between the Company and its Non- Executive Directors except for the Sitting Fees as mentioned above.

The remuneration paid to the whole time Director during the year 2007-08 is:

Name of Director	Salary	H R A	Commission	Total
S. Balasubramanian	1,68,000	80,640	36,000	284640

6. Shareholders Grievance Committee:

The Shareholders Grievance Committee constituted by the Board of Directors and comprising of Shri.G.M.Surana (Chairman), Shri Narender Surana and Shri Devendra Surana, inter-alia oversee the transfer of shares and redressal of shareholders / investors grievances and complaints regarding non-receipt of Dividends, Annual Reports, etc.

The Board has designated Shri. P. Rajesh Kumar Jain, Company Secretary, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 78. There are no outstanding complaints as on 31st March 2008.

The Committee has received 29200 Shares for Transfers and 300 Shares for Transmission out of which 25500 Shares were approved and the balance was rejected. The committee has also received 105130 shares requesting for conversion of physical shares into Dematerialisation, out of which 94400 Shares were approved and balance was rejected. There were no transfers or transmissions or de-mat requests pending as on 31st March 2008.

7. General Body Meetings:

Location and time for last 3 years General Meetings were:

Year	Location	Date	Time
2006-2007 EGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	13th October, 2007	12.00 Noon
2006-2007 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	27th September, 2007	12.00 Noon
2005-2006 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003	7th August, 2006	11.30 A.M
2004-2005 AGM	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003.	1st July, 2005	11.30 A.M
2004-2005 (EGM)	3rd Floor, Surya Towers, S.P. Road, Secunderabad - 500 003.	5th February, 2005	11.30 A.M.



8. Disclosures:

- a) Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature with the Promoters, the Directors or the Management, their subsidiaries, Group Companies or relatives etc., that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

A total of 10,95,600 warrants were allotted on preferential basis on 08.11.2007 to an entity in the promoter group, viz., M/s Bhagyanagar Ventures Limited, in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000. These warrants are exercisable within a maximum period of 18months from the date of allotment into an equal number of fully paid-up equity shares of the Company.

- b) The Company at the meeting of the Board of Directors held on 26.06.08, has decreased the pre clearance limit in the Code of Conduct of the Company from 50,000 shares to 25,000 shares as was advised by the SEBI.

9. Means of Communication:

Half yearly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Quarterly results sent to each household of shareholders	No, as the results of the Company are published in the Newspapers having wide circulation
Newspapers in which published	"Business Standard" - English "Andhra Bhoomi" - Telugu
Website where the results and other official news releases are displayed	http: www.surana.com

10. The Management Discussion and Analysis Report:

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

11. General Shareholders Information:

Meeting Annual General	:	Date : 17.09.2008 Time : 11.30 A.M. Venue : 3rd Floor, Surya Towers, S.P. Road, Secunderabad-500 003
Financial Calendar	:	April 1st to March 31st
Date of Book Closure	:	12.09.2008 to 17.09.2008
Dividend Payment Date	:	22.09.2008
Listing on Stock Exchanges	:	1. The Bombay Stock Exchange Ltd., Mumbai 2. National Stock Exchange of India Limited
Stock Code	:	517530 on BSE SURANATELE on NSE
ISIN Number for NSDL & CDSL	:	INE 130B01023



Market Price Data

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr '07	25.4	23	43.10	33.50
May'07	26.35	23	46.90	36.10
Jun'07	25	23.05	43.50	39.45
Jul'07	26.5	22.65	50.70	39.45
Aug'07	29	24.3	44.50	39.10
Sep'07	37.4	28.25	54.10	41.00
Oct'07	36	27.2	52.00	35.00
Nov'07	41	25.8	50.35	37.00
Dec'07	51	32.6	70.00	46.55
Jan'08	52.35	24	79.50	37.15
Feb'08	36.5	28.1	56.80	40.35
Mar'08	31	20.6	52.30	35.00

Registrars & Transfer Agents : Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to **M/s KARVY COMPUTERSHARE PRIVATE LIMITED**, 17-24, VittalRao Nagar, Madhapur Hyderabad - 500081
Phone # +91-40-23420816-824
Fax # +91-40-23420814
Email ID : mailmanager@karvy.com
Website : <http://www.karvy.com>

12. Share Transfer System:

Pursuant to the guidelines issued by the Securities and Exchange Board of India, vide circular number D&CC/FITTC/ CIR-15/2002 dated 27.12.2002 regarding 'Appointment of Common Agency for Share Registry Work', the Board of Directors have appointed M/s KARVY COMPUTERSHARE PRIVATE LIMITED, as Share Transfer Agents.

The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. All share transfers are approved by the Share Transfer Committee, which meets every fortnight.

As per the guidelines issued by SEBI, the R & T Agent is also offering transfer-cum-Demat facility, wherein after the share transfer is affected an option letter containing the details of the shares transferred is sent to the transferee. Any transferee who wishes to de-mat the shares may approach the Depository Participant along with a duly filled Demat request form, who shall, on the basis of the option letter, generate a Demat Request and send the same to the R & T Agent. On receipt, the R & T Agent confirms the request.

Any transferee not intending to dematerialize his shares need not exercise the option and the R & T Agent shall despatch the share certificate after 30 days from the date of the Option Letter.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 15 days of receipt.

13. Issue of Equity Share Warrants

The Company at its Board Meeting held on 8th November, 2007 has issued and allotted 33,95,600 equity share warrants, each warrant convertible into one equity share of the Company at the option of Warrant holder, at a face value of Rs.5/-each, for cash, which upon conversion shall rank pari-passu in all respects with the existing equity shares of the Company, at a price of Rs.31/- per warrant. The said issue & allotment of warrants was approved by the members at their EGM held on 13th October, 2007.



14. Shareholding Pattern as on 31st March, 2008

Category	No of Shares	Percentage
Promoters	10459880	46.27
Resident Individuals	7887925	34.90
Bodies Corporate	16,37,319	7.24
Promoters Bodies Corporate	1590089	7.03
Indian Financial Institutions	4,98,529	2.20
Non-Resident Indians	209219	0.93
HUF	2,01,750	0.90
OCB's	58,500	0.26
Clearing Members	39,789	0.17
Mutual Funds	14,200	0.06
Banks	4,200	0.02
FII's	2,800	0.01
Transit	200	0.008
TOTAL	2,26,04,400	100.00

15. Distribution of Share holding as on 31st March 2008:

No of Equity Shares held	Number of Shareholders	% of Shareholders
1 - 5000	12203	91.35
5001 - 10000	553	4.14
10001 - 20000	301	2.25
20001 - 30000	119	0.9
30001 - 40000	45	0.34
40001 - 50000	35	0.26
50001 - 100000	42	0.31
100001 & above	59	0.44
Total	13358	100.00

16. Dematerialisation of shares & Liquidity

The trading in Company's shares is permitted only on dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip-less trading, the Company has enlisted its shares with NSDL and CDSL.

17. Share Dematerialisation Records:

2,14,17,271 shares representing 94.74% of the total equity capital were held in dematerialised form with the National Securities Depository Limited and Central Depository Services Limited as on 31st March, 2008.

18. Outstanding Equity Share Warrants convertible into Equity Shares:

The Company has not received any request from the Warrant Holders for conversion of the Equity Share Warrants which were issued & allotted on 8th November, 2007.

19. Secretarial Audit:

Practicing Company Secretaries, M/s. V.K.Bafna & Co conducts the Secretarial Audit of the Company every quarter for a limited purpose of reconciliation of the total admitted capital with both the depositories (CDSL & NSDL) and the total issued and listed capital. The quarterly Secretarial Audit Reports which were placed before the Board of Directors were also sent in time to both the Stock Exchanges where the Company's shares are Listed.



20. Plant Locations:

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, I.D.A. Cherlapally Ghatkesar (M) Ranga Reddy District.
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21. Address for Correspondence :

Sl. No.	Shareholders Correspondence for	Addressed
1.	Transfer / Dematerialisation / Consolidation / Split of shares, Issue of Duplicate Share Certificate, Non-receipt of dividend/ Bonus Shares, etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	KARVY COMPUTERSHARE PVT. LTD., 17-24, VittalRao Nagar, Madhapur, Hyderabad - 500081 Phone # +91-40-23420816-824 Fax # +91-40-23420814 E.mail : mailmanager@karvy.com Website : www.karvy.com
2.	Investor Correspondence/Queries on Annual Report, Revalidation of Dividend Warrants, Sub-Division, etc.	P. RAJESH KUMAR JAIN V.P. Corporate Affairs & Company Secretary Surana Telecom and Power Limited 2nd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003. Ph Nos. 27845119/ 66320700 E-mail : cs@surana.com Website : www.surana.com

22. Depository Services :

For guidance on Depository Services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel : 091-022-24994200-70 Fax : 091-022-66608035 / 24976351 Email : info@nsdl.co.in.	Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai - 400 023 Tel : 091-022-22723333/3224 Fax : 091-022-22723199/22722072 Email : investors@cdslindia.com
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23. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

24. Company's Policy on prevention of insider trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, and in continuation with your Company's efforts to enhance the standards of corporate governance in the Company, and to strictly monitor and prevent insider trading within the Company, your Company has modified its Code of Conduct at their board meeting held on 31.01.2008 and 26.06.08.

Shri. Rajesh Kumar Jain P, Company Secretary had been appointed as the Compliance Officer for this purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism. The modified code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.



Particulars of Directors, who are retiring by rotation, seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:-

Name of Director	SHRI. G. M. SURANA	SHRI. R. SURENDER REDDY
Expertise in specific functional areas	Shri.G.M.Surana, graduate in Commerce and law from Osmania University, is the Chairman of the Company and heads the Surana Group of Industries. He had around 2 decades of rich experience in the Ferrous & Non- Ferrous metal industry in his capacity as promoter, Director, Partner of the various units belongs to the Surana Group. Shri G.M Surana was the former Chairman of the Federation of Andhra Pradesh Chamber of Commerce and Industry (FAPCCI), former Director of Indian Overseas Bank, former Director of Andhra Pradesh State Trading Corporation,(APSTC), besides being the Member of Govt. Advisory Board, Minimum Wages Board. He is actively involved in various philanthropic activities.	Shri. R. Surrender Reddy a Graduate, having almost three decades of experience in various fields of Industry. He was well known for his social and political activities in the State of A.P. He has been guiding the Company as an Independent Director since 1989.
Date of Birth	08.11.1930	10.10.1931
Qualification	B.com. LL.B.	B.Com
List of Other Companies in which Directorship is held as on 31st March, 2008.	CHAIRMAN: Bhagyanagar India Ltd., DIRECTOR: Bhagyanagar Entertainment and Infra Development Company Pvt ltd Bhagyanagar Foods and Beverages Pvt Ltd Bhagyanagar Energy and Telecom Ltd., Bhagyanagar Entertainment Ltd., Bhagyanagar Telecom Ltd Bhagyanagar Metals Ltd., Bhagyanagar Infrastructure Ltd., Every Time Foods & Inds. Pvt. Ltd., Innova Technologies Ltd Scientia Infocom India Ltd Surana Infocom Ltd.,	CHAIRMAN: Hyderabad Race Club Suryalata Spinning Mills Ltd. DIRECTOR: Bhagyanagar India Ltd Suryavanshi Spinning Mills Ltd., Suryaamba Spinning Mills Ltd., Surya Kiran International Ltd Novopan Industries Ltd., Surya Lakshmi Cotton Mills Ltd., Lakshmi Finance & Indl. Corp. Ltd., L.Pack Polymers Ltd.,
Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2008	None	None



Particulars of Directors seeking appointment or reappointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:-

Name of Director	SHRI S. BALASUBRAMANIAN	DR R.N. SREENATH
Expertise in specific functional areas	Shri S.Balasubramanian who is a Graduate in Science and a Post Graduate Diploma in Public Relation has wide experience in the Telecom Industry. He worked with Hindustan Cables Ltd handling Administration and Public Relations, Research & Devp. etc., and also worked with Sterlite Industries (I) Ltd, as GM(Mktg & Business co-ordinator) in telecom division. He had developed a good rapport with the Telecom circles and QA Organisation by virtue of his experience. He had built a vibrant marketing team at all India level. He has been serving the Company in the fields of Marketing, Communications, Techno-logy, R & D, etc.,	Dr. R. N. Sreenath has over 42 years of experience out of which 25 years of experience in Semiconductor technology and balance 17 years in Solar Photovoltaic Technology.
Date of Birth	14.07.1953	18.03.1941
Qualification	Graduate in Science, Post Graduate Diploma in Public Relations	M.Sc. Ph.D (I.I.SC.)
List of Other Companies in which Directorship is held as on 31st March, 2008.	<ul style="list-style-type: none"> - Metropolitan Ventures India Ltd - Globecom Infra Ventures India Ltd - Surana Ventures Limited 	Surana Ventures Ltd.
Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2008	None	None



AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To the Members of Surana Telecom & Power Limited
Secunderabad.

We have examined the compliance of conditions of Corporate Governance by Surana Telecom and Power Limited for the year ended 31.03.2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of

Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and Behalf of
M/s. Sekhar & Co
Chartered Accountants

G. Ganesh
Partner

Place : Secunderabad

Date : 28th July, 2008

Membership No : 211704

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

Pursuant to the Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October 2004, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2007-08

Place : Secunderabad
Date : 28th July, 2008

NARENDER SURANA
MANAGING DIRECTOR



MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS OF THE COMPANY:

The Company currently operates in two main business segments, Telecommunication and Power Sector. The Company has off late forayed in the Infrastructure and Non Conventional Energy sector. The Company is all set to venture into the Solar Photo voltaic (SPV) industry by manufacturing of SPV Modules. The Company has also made a strategic investment in its Joint venture Company M/s. Surana Ventures Ltd

1.1 TELECOM DIVISION:

The Company Telephone Cables division mainly comprises of manufacture of Jelly Filled Telephone Cables and Optical Fiber cables in addition to the manufacture of Jointing kits and assembling of CDMA Phones.

1.1. A. Jelly Filled Telephone Cables

One of the core areas of the Company's business is manufacture of Jelly Filled Telephone Cables. The Company started this division in the year 1994-95 and has manufacturing facilities at Hyderabad & Goa. The Company manufactures cable from the range of 5 pairs to 800 pairs with a total production capacity of 2.9 million CKM. The latest technology and testing facilities have led to the units being recognized and approved by the BSNL, MTNL, Indian Railways (IR) and Airtel.

The demand for Cable is expected to decrease in future. Mitigating this to some extent is lower incidence of sales tax and income tax, low component of depreciation on its plants in Goa and low marginal financial cost to the Company. Therefore, the Company is continuously shifting its focus on other divisions.

1.1. B Optical Fiber Cables:

Keeping pace with the change in technology, the Company started manufacturing of Optical Fiber Cables in the year 1995. A sophisticated plant equipped with state-of-the-art equipment from ROSENDAHL-KOBELCO helps the division produce 6000 route Km of pair 6,12,24 fiber optic cables and accessories such as branch closures, optical fiber termination boxes and tool kits.

With the present trend of rapid technological upgradation in the Telecommunication Sector, Optical Fibre Cable is playing a key role in the communication network. In order to meet this new challenge, in the year 2001 under Backward Integration Plan, the Company established its manufacturing facility for Optical Fibre (which is the main raw material for manufacture of Optical Fibre Cables) at Hyderabad, with an annual capacity of 2.5 lac Kilometers initially, with Optical Fibre Drawing Tower equipment from KOBELCO of Japan.

1.1. C . HEAT SHRINKABLE CABLE JOINTING KITS DIVISION

Extensive R & D and technological integral has led to this unit becoming entirely self-sufficient today. An annual production capacity of 6,00,000 kits. Equipped with the most modern and sophisticated plant supplied by German centers of excellence, the Company has been successful in totally indigenizing the manufacturing process.

1.1. D CDMA TELEPHONES

The Company has also entered into assembling and marketing agreement with, LG Electronics of Korea and Huawei of China for CDMA Fixed Wireless Telephone and WLL telephones. During the year 2006-07, the Company has executed orders worth 13 crores. Though the market for CDMA phones is growing rapidly, the Company is not aggressively pursuing the same as the margins are low.

1.2 POWER DIVISION:

To cope with the situation of declining JFTC demand, and in view of the high demand for the Power Cables in the market and availability of required resources coupled with optimal utilization of existing facilities, the Company restructured a part of its JFTC plant to manufacture power cables, which in the long run, will help in increase in the revenues of the Company.

1.3 INFRASTRUCTURE DIVISION:

Anticipating the potential in the infrastructure business, the Company started investing its surplus funds in IT Infrastructure and leased the same to prominent IT Companies. The Company has



presently initialed several projects to build up IT/ITES facilities and Hardware Infrastructure in various parts of the Country.

1.4 NON CONVENTIONAL ENERGY DIVISION:

With the growing concern over Global warming and fast depletion of fossil fuels, world wide the importance of generating power from non conventional energy resources such as Wind, Solar, etc., is being recognized. Recently your Company has made a foray into the non-conventional energy sector with a wind power project with an initial capacity of 1.25 MW at Kapatgudda, Karnataka State. The project was commissioned on 30.03.07. The Company is also eligible for carbon credit for this project.

1.5 SOLAR PHOTO VOLTAIC

Taking a step further in the field of Non Conventional energy resources, your Company has ventured into Solar Photovoltaics (SPV) Sector by establishing SPV Modules manufacturing Plant (a 100% EOU) at Cherlapally, Hyderabad with an installed capacity of 12 MW. Photovoltaics is best known as a method for generating solar power by using solar cells packaged in photovoltaic modules, often electrically connected in multiples as solar photovoltaic arrays to convert energy from the sun into electricity. To explain the photovoltaic solar panel more simply, photons from sunlight knock electrons into a higher state of energy, creating electricity. The term photovoltaic denotes the unbiased operating mode of a photodiode in which current through the device is entirely due to the transduced light energy. Virtually all photovoltaic devices are some type of photodiode.

2. INDUSTRY ANALYSIS

2.1. A. Jelly Filled Telecom Cables:

JFTC demand has suffered as a result of the increasing deployment of wireless networks and popularity of mobile services and the decline in the rollout of and demand for wireline services. It is expected that the business scenario for JFTC producers, battling with huge unused capacities (over 90 per cent of the industry capacity is lying idle) and weak demand, to continue to remain unfavourable. Cumulative JFTC demand during 2005-06 to 2009-10 is forecast to be at around 560 lckm (as against 1,660 lckm during the period 2000-01 to 2004-05),, which translates into an average demand of 112 lckm annually.

JFTC demand in each of the years during this period would primarily depend on the order flow from BSNL, the largest buyer of JFTC, and rollout plans of private operators such as Reliance Infocomm and Bharti Tele-Ventures Limited.

2.1. B Optical Fiber Cables:

The year 2007 experienced an impressive revival in global demand for optical fibers. Developed and emerging economies had encouraging announcements on infrastructure development projects. There are new and sustainable demand drivers on the anvil and there is wave of activity to develop new products to address applications as fiber comes closer to the subscriber. The increase in emerging-market backbone deployments has resulted from deregulation or "liberalizing" market developments, investment in new infrastructure to compete with incumbents, and deployments in developing economies by utilities that have extensive rights-of-way.

The demand of fiber optic cables by Indian Private Telecom Incumbents, Cellular Industry, CATV Industry, MSOs and others have surpassed that of the Government incumbents like BSNL, MTNL and RailTel, which were traditionally the largest buyers of fiber optic cables in India. The Indian Government as a buyer of Fiber Optic Cables through the Telecom Incumbents & Public Sector Undertakings such as the Oil and Gas Sector, Power Sector, etc. cumulatively constituted about 25% of the total purchases of Fiber Optic Cables in India in FY 2007-08. The Private Telecom Operators constituted about 34%.

There has been a countrywide renewal in demand from the Cellular Industry, with new and expanded networks being laid to cater to the booming subscriber base. There is also an increasing adoption of fiber-based networks by the Cable TV Segment, Multi-Service Operators (MSOs) and e-Governance State Initiatives. This set of buyers had a cumulative purchase of about 1.2 Million-km of Optical Fibers, which constituted about 41% of India's purchases of Fiber Optic Cables in India in FY 2007-08.

2.2 POWER CABLES:

Given the strong growth drivers, the industry is expected to grow at a CAGR of 20-25% over the



next few years. The size of the industry is expected to grow @ Rs15-20bn p.a. and touch around Rs150bn by FY2012 from the current Rs50bn. Most of the business is expected to flow to existing players, especially the larger ones, because approvals and references play a very important role in obtaining orders and these take a long period (around 3-5 years) to be in place. Hence in spite of low Capex requirement (Sales to Capex ratio of around 4x), supply to some extent will be constrained. The key beneficiaries would be the ones who have good experience, execution skills and strong management bandwidth in terms of streamlining capacity expansion plans to sustain the accelerated growth rates.

Most of the players witnessed a poor performance over the past few years with poor demand from the Power Sector, a sluggish economy and declining performance of the Telecom Cable business. However, there has been a sharp swing in the performance from the previous year with a healthy demand scenario, especially from the Power Sector, resulting in improving utilisation levels and a sharp improvement in margins.

With a strong demand expected to flow over the next few years, most of the players are ramping up operations by aggressively adding capacities. The product mix is also witnessing a change with focus on HT Cables. With cost rationalization, higher operating leverage and improved product mix, the margins of the major players are expected to stabilize at higher levels of around 14-16%. Thus a strong demand potential, healthy growth in revenues and positive outlook on profitability drives creates a bullish view on the sector.

2.3 Infrastructure:

The Indian economy continues to surge ahead. The strong economic growth has augured well for the Indian real estate market. Almost 80% of real estate developed is IT Parks & Residential space and the rest comprises of offices, hotels, malls and entertainment avenues. Technology sector and the outsourcing story coupled with the demographic shift characterized by rising disposable incomes and increased consumer spending has changed the face of commercial real estate market in India. It has been estimated that there is a demand for approximately 75-85 mn.sq.ft. of IT space over the next five years. The housing boom, despite firming up of interest rates on housing loans, continued its fourth successive year of price rise. 2007-08 witnessed

a sharp price increase, with price rises ranging from 20-50% depending upon cities and locations within the cities.

India possesses the elements of very strong demand growth on the housing market in the coming decades. In a very conservative (and unlikely) scenario in which the average household size remains constant at the present-day level, the backlog of demand cannot be unwound and no shifts in quality take place, each year some 4.7 million housing units would have to be completed up to 2030. This figure is based on additional demand of roughly 2.7 million housing units and annual replacement demand of roughly 2 million dwellings .

2.4 NON COVENTIONAL ENERGY (Wind Power):

India consumes about 3.7% of the world's commercial energy and is ranked as the fifth largest consumer of energy in the world in terms of energy demand; this being despite having one of the lowest per capita energy consumption in the world. Continued economic development and increasing population are pushing up the demand for energy at a higher rate than additions in generation capacity. India's incremental energy demand for the next decade is projected to be among the highest in the world, spurred by sustained economic growth, rise in income levels and increased availability of goods and services. With a gross domestic product (GDP) growth target of over 8.0 % set for the next few years, the energy demand is expected to grow over 5.0 % annually. It has been estimated that to support the government's GDP growth targets, the electricity sector alone will have to increase supply by a minimum of 10- 15 % annually.

With the rising price of fossil fuels and increasing environmental concerns, renewable energy, particularly wind power, seems to be back in favour. The major benefit of wind energy is that it is renewable unlike fossil fuels such as coal and oil. Secondly, it is a clean energy source so there are no emissions of carbon dioxide, sulphur dioxide and other pollutants.

2.5 SOLAR PHOTO VOLTAIC:

Photovoltaics (PV) is the field of technology and research related to the application of solar cells for energy by converting sunlight directly into electricity. Due to the growing need for solar energy, the manufacture of solar cells and photovoltaic arrays has expanded dramatically in recent years. Photovoltaic production has been doubling every two



years, increasing by an average of 48 percent each year since 2002, making it the world's fastest-growing energy technology. At the end of 2007, according to preliminary data, cumulative global production was 12,400 megawatts. Roughly 90% of this generating capacity consists of grid-tied electrical systems. Such installations may be ground-mounted (and sometimes integrated with farming and grazing) or built into the roof or walls of a building, known as Building Integrated Photovoltaic or BIPV for short.

Although the selling price of modules is still too high to compete with grid electricity in most places financial incentives, such as preferential feed-in tariffs for solar-generated electricity and net metering, have supported solar PV installations in many countries including Germany, Japan, and the United States, which comprises the potential export market for the Company

3. RISK ANALYSIS & MITIGATION

3.1 Business Risk

The state of Indian economy and the development in infrastructure, power and industrial projects and expansions have a direct bearing on the performance of the Company. These sectors are expected to grow and are expected to drive the demand for the Company's products also, however, an adverse development in these sectors can have negative impact on the Company's performance and its financials. The instability in the raw material prices especially of metals like Copper and Aluminum being used in the manufacture of cables can also have an adverse impact on the performance of the Company.

3.2 Technology Risk

The Company keeps track of the latest trends in the cable industry globally. The Company has an in-built quality assurance system whereby the product is tested at every stage for its quality and technical accuracy. Management of the Company is giving Quality Assurance and Research its highest priority. Continuous improvements in the existing products and enhancement of product offerings will enable the Company to emerge as a reliable, cost competitive and quality provider of complete cable solutions.

3.3 Financial Risk

Company's investments from time to time are made after due analysis and study. The Company has adequate system to control financial risks. Company has adequate system and control to monitor adequate

inventory levels so as to reduce the cost of capital and unpredicted fluctuations in the prices of inventory.

3.4 Human Resources

Human Resource is the most valuable asset of the Company as it is the ultimate key to the success of any organization and the Company gives due importance to maintain cordial employer-employee relations. The Company is committed to foster a high performance environment, which characterizes the organizational climate that delivers the business strategy. The Company has low labour turnover and has adequate system to reward and recognize the employee contribution towards the growth of the Company.

4. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate Internal Control Systems and Procedures with regard to purchase of Stores, Raw Materials including components, plant and machinery, equipment, sale of goods and other assets. The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The Company has an Internal Audit System commensurate with its size and nature of business. M/s Luharuka & Associates, a firm of Chartered Accountants, are acting as Internal Auditors of the Company. Periodic reports of Internal Auditors are reviewed in the meeting of the Audit Committee of the Board. Compliance with laws and regulations is also ensured and confirmed by the Internal Auditors of the Company. Standard operating procedures and guidelines are issued from time to time to support best practices for internal control.

5. BUSINESS OUTLOOK

5.1. A. Jelly Filled Cables Division:

The demand for cable is expected to decrease in future. Mitigating this to some extent is lower incidence of sales tax and income tax, low component of depreciation on the plants in Goa and low marginal financial cost to the Company. The Company is gradually reducing dependence on jelly filled cables and is shifting its focus on other divisions.

5.1. B. Optical Fiber Cables:

During the current year this business has been adversely affected due to deferment of buying



program of PSU telecom majors such as BSNL and MTNL. However, the Company retains a positive outlook on this business and look forward to increased business opportunities in the new markets.

5.2 Power Cables:

In view of the anticipated investments in infrastructure, power, railways and industrial sector, it is expected that the demand for the Company's power cables will grow rapidly. The Company has already received several orders for LT Power Cables and has been constantly maintaining the positions between L-1 to L-3 in tenders floated by various Electricity boards across the country. It is expected that the turnover of the Company and its profitability will increase substantially during the next financial year if the development taking place in the infrastructure, power and industrial sector, continues to grow at the current pace.

5.3 Infrastructure:

The Company has acquired several pockets of land in SEZ, IT Parks and Hardware Park in various places in India where the Company will build IT/ITES Infrastructure. The Company has started the preliminary work for all the projects as detailed in the New Project Initiatives segment of the Directors report and the construction work will soon commence.

5.4 Wind Power:

The Wind Power Project with the present capacity of 1.25 MW will continue to contribute a steady revenue of about a crore annually. The Company has entered into a Power Purchase Agreement with Gulbarga Electricity Supply Company for sale of Power for 20 years.

5.5 Solar Photovoltaic:

To start with the Company is all set to commence the production of SPV Modules at its 100% EOU plant at Cherlapally, Hyderabad. The Company through its JV Company, M/s. Surana Ventures Limited shall take a step further into the Solar Photo voltaic industry wherein the Company is planning to establish facilities for manufacturing of SPV Modules, Cells and Wafers at its upcoming facility at Fab City SEZ, Hyderabad. The Commercial production of the same with an initial capacity of 40MW is expected to commence by Nov/ Dec'08. Thereafter, the Company shall also venture into the manufacturing of SPV Cells.

6. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

The Company has adequate Internal Control Systems and Procedures with regard to purchase of Stores, Raw Materials including Components, Plant and Machinery, Equipment, Sale of Goods and Other Assets.

The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled.

The Company has an Internal Audit System commensurate with the size and nature of its business. The Company has employed M/s Luharuka & Associates, a firm of Chartered Accountants, for its Internal Audit function. Periodic reports of Internal Auditors are reviewed in the meeting of the Audit Committee of the Board. Compliance with laws and regulations is also ensured and confirmed by the Internal Auditors of the Company. Standard Operating Procedures and Guidelines are issued from time to time to support best practices for Internal Control.

7. FINANCIAL PERFORMANCE & OPERATIONAL PERFORMANCE:

7.1. Financial Performance:

Capital Structure:

The Equity Share Capital of the Company as on 31st March 2008 is Rs.11,30,22,000/- comprising of 2,26,04,400 Equity Shares of Rs.5/- each fully paid.

Reserves and Surplus:

The Reserves and Surplus of the Company currently stands at Rs 7586.60 Lakhs, as compared to Rs. 7089.26 Lakhs in the previous year.

Fixed Assets:

During the year, the Company has added Fixed Assets amounting to Rs 252.39 Lakhs.

Inventories:

Inventories, as on 31st March, 2008, amounted to Rs 1359.26 Lakhs as against Rs. 398.06 Lakhs in the previous year.

Sundry Debtors:

Sundry Debtors amounted to Rs 1505.30 Lakhs as on 31st March, 2008 as against Rs. 948.12 Lakhs in the previous year. These Debtors are considered good and realisable.



Cash and Bank Balances:

Cash and Bank balances with Scheduled Banks as well as in hand amounting to Rs. 458.23 Lakhs include amounts deposited with banks as Security and margin Money Deposit.

Loans and Advances:

'Loans and Advances' amount to Rs 915.86 Lakhs.

Current Liabilities:

'Sundry Creditors' represent the amount payable to vendors for supply of goods. 'Advances received from Customers' denote monies received for the delivery of future services.

7.2. Operational Performance:

Turnover:

During the year 2007-2008, the turnover of the Company was Rs 6722.50 Lakhs as compared to Rs. 8689.03 Lakhs in the previous year.

Other Income as on 31st March, 2008 was Rs 601.76 Lakhs as compared to Rs. 572.96 Lakhs in the previous year.

Expenditure :

During the year, the Company incurred expenses amounting to Rs 1173.64 Lakhs as compared to Rs. 1020.52 Lakhs in the previous year.

Depreciation :

The Company has provided a sum of Rs 220.32 Lakhs towards depreciation for the year as against Rs. 235.65 Lakhs in the previous year.

Provision for Tax:

The Company has provided a sum of Rs 135.00 Lakhs as Current Tax, Rs.6.63 Lakhs as Deferred Tax, and Rs. 5.25 Lakhs as Fringe Benefit Tax for the current year.

Net Profit:

The Net Profit of the Company after tax is Rs 919.48 Lakhs as against Rs 817.88 Lakhs in the previous year.

Earnings Per Share:

Basic Earnings Per Share for the year ended 31.03.2008 is Rs 4.07 for Face Value of Rs.5/- as against Rs 3.62 per share for the year ended 31.03.2007.

8. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skills, which would enable them to adapt to contemporary technological advancements. The Company is also maintaining a residential colony for its employees.

Industrial Relations during the year continues to be cordial and the Company is committed to maintain good industrial relations through negotiations, meetings etc.

As on 31st March 2008, the Company has a total strength of 119 employees.

9. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives and Expectations may be "Forward-Looking Statements" within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, technological obsolescence, changes in the Government Regulations and Policies, Tax Laws and other Statutes and other incidental factors.



AUDITORS' REPORT

To
The Members of
Surana Telecom and Power Limited

1. We have audited the attached Balance Sheet of Surana Telecom and Power Limited (formerly: Surana Telecom Limited) as at March 31, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 (as amended) (henceforth referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (henceforth referred to as the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the branches;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
- e. The Notification for levy and deposit of Cess U/s. 441A of the Act has not yet been issued in the official gazette; hence in our opinion this clause is not applicable to the company.
- f. On the basis of the written representation received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India -

- i. In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2008;
- ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For **Sekhar & Co.**
Chartered Accountants

G. Ganesh
Partner

Place: Secunderabad,
Date: June 26, 2008

Membership No: 211704



Annexure referred to in paragraph [3] of our report of even date

Surana Telecom and Power Limited

1.
 - a. The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets.
 - b. All fixed assets have not been physically verified during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - c. During the year the company has disposed off certain fixed assets such as part of Infrastructural assets of Infrastructure segment. According to the information and explanations given to us, we are of the opinion that sale of such assets has not affected the going concern status of the company.
2.
 - a. The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c. The company is maintaining proper records of inventory. The discrepancies notices on verification between the physical stocks and the book records were not material.
3.
 - a. The Company has not granted any loans to companies covered in the register maintained under section 301 of the Act. Hence we are not required to report on sub-clauses b, c and d of this clause iii of Para 4 of the Order.
 - b. The company has not taken any loans from companies covered in the register maintained under section 301 of the Act. Hence we are not required to report on sub-clauses f and g of this clause iii of Para 4 of the Order.
4. In our opinion and according to the information and explanations given to us, there exists adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
5.
 - a. According to the information and explanations given to us, by the management, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance to contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However we are unable to comment on certain transactions for specialized items for which comparative prices are not available due to the nature of goods.
6. The Company has not accepted deposits which fall under section 58A and 58AA of the Act and hence we have not reported on the relevant reporting requirements of the Order.
7. An outside firm of Chartered Accountants has carried out the Internal Audit of the Company. In our opinion the system of Internal Audit is commensurate to nature and size of the company and the nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of manufacture of Telecom Cables and generation of Wind Power pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9.
 - a. The Company regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it. Further, since Central Government has till date not prescribed the amount of cess payable under section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.



- b. According to the information and explanations given to us and the records of the company produced before us and examined by us, there are no dues of wealth tax, service tax, and cess, which have not been deposited on account of any dispute. The particulars of dues, on account of Sales Tax, Income Tax, and dues under the Central Excise and Customs Act as on 31st March 2008, which has not been deposited on account of dispute are as follows.

Name of Statute	Nature of dues	Amount under dispute not yet deposited	Accounting Year which amount relates	Forum where dispute is contested
Andhra Pradesh General Sales Tax Act	Sales Tax	43.21 119.39 1.15	1995-96 1996-97 2001-02	STAT-Hyd STAT-Hyd Apl.D.C. - Hyd
Income Tax Act 1961	Income Tax	13.70 101.82	2004-05 2005-06	ITAT-Hyd Commissioner Appeals-IV, Hyderabad
Central Excise and Customs Act	Duty CDMA Phones	70.76 Interest and Penalty	March and April 2005	CETSAT

10. The company has no accumulated losses as at 31st March 2008 and it has incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. In our opinion, the company is not a dealer in shares, securities debentures and other investments. Accordingly the provisions of the clause 4(xiv) of the Order are not applicable to the company.
15. According to the information and explanations given to us, the company has not given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are prima-facie prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us by the management, on an overall basis, the term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not raised any money by issue of debentures or similar instruments hence the question of creation of charge does not arise.
20. The Company has not raised any money by public issues during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **Sekhar & Co.**
Chartered Accountants

G. Ganesh
Partner

Membership No: 211704

Place: Secunderabad,
Date: June 26, 2008



BALANCE SHEET AS ON 31st MARCH, 2008

	Schedule No.	2007-2008 Rs.	2006-2007 Rs.
Sources of Funds			
a) Share capital	1	113,022,000	113,022,000
b) Reserves and Surplus	2	758,660,988	708,926,682
Share-Holders Funds		<u>871,682,988</u>	<u>821,948,682</u>
33,95,600 optionally, fully convertible Equity Share warrants (Pending allotment)		14,716,360	–
c) Loan Funds			
i) Secured loans	3	6,706,717	70,524,415
ii) Unsecured loans	4	66,960,974	68,456,511
Net Deferred Tax Liability	14	7,605,400	6,942,300
TOTAL		<u>967,672,439</u>	<u>967,871,908</u>
Application of Funds			
Fixed Assets (At cost)			
a) Gross Block	5	738,252,728	780,690,578
b) Less Depreciation		<u>348,555,618</u>	<u>324,020,748</u>
c) Net Block		389,697,110	456,669,830
Capital Work-In-Progress		85,848,531	45,154,000
Investments (At cost)	6	43,974,677	29,185,585
Current Assets, Loans and advances			
a) Inventories	7	135,926,008	39,806,569
b) Sundry debtors	8	150,530,610	94,811,568
c) Cash & Bank Balances	9	45,823,896	54,776,673
d) Other Current Assets	10	190,786,451	266,902,337
e) Loans & Advances	11	91,586,225	81,705,199
		<u>614,653,190</u>	<u>538,002,347</u>
less Current Liabilities & Provision			
a) Liabilities	12	139,755,049	74,433,835
b) Provisions	13	26,746,020	26,706,020
		<u>166,501,069</u>	<u>101,139,855</u>
Net Current Assets		448,152,121	436,862,492
Notes to Accounts	20		
TOTAL		<u>967,672,439</u>	<u>967,871,908</u>

The Schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred
to in our report of even date

For SEKHAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : 211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 26.06.2008

Rajesh Jain
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedule No.	2007-2008 Rs.	2006-2007 Rs.
Income			
Gross Sales	15	672,250,534	868,903,094
Less: Excise duty		76,983,743	49,305,295
Net Income from Operations		595,266,791	819,597,799
Other Income	16	60,176,175	57,296,287
Total Income		<u>655,442,966</u>	<u>876,894,086</u>
Expenditure			
Materials	17	401,438,432	640,664,533
Expenses	18	117,364,421	102,007,339
Interest & Financial Charges	19	10,294,337	13,976,727
Depreciation		22,032,249	23,564,593
		<u>551,129,439</u>	<u>780,213,192</u>
Profit for the year		104,313,527	96,680,894
Prior Period Adjustment		322,597	(38,719)
Profit before Taxation		104,636,124	96,642,175
Provision for Taxation			
i) Current year		13,500,000	14,000,000
ii) Deferred Tax		663,100	304,700
iii) Fringe Benefit Tax		525,000	550,000
iv) MAT credit of earlier years		(2,000,000)	-
Profit after Taxation		<u>91,948,024</u>	<u>81,787,475</u>
Balance B/F from Previous year		224,728,306	219,386,851
Amount Available for appropriation		<u>316,676,330</u>	<u>301,174,326</u>
Proposed Dividend		22,604,400	22,604,400
Additional Tax on Dividend		3,841,620	3,841,620
Transfer to General Reserve		50,000,000	50,000,000
Surplus Carried to Balance Sheet		<u>240,230,310</u>	<u>224,728,306</u>

The Schedules referred to above form an integral part of the Profit & Loss Account

This is the Profit & Loss Account referred to in our report of even date
For SEKHAR & CO.,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : 211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 26.06.2008

Rajesh Jain
Company Secretary

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH 2008

(Amount in Rupees)

	2007-2008	2006-2007
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and after interest as per profit and loss accounts	104,313,527	96,680,894
Adjustments for :		
Depreciation	22,032,249	23,564,593
Amortisation of Lease Rent	951,552	405,513
Loss on Sale of Investments	90,212	603,377
Sundry Balance written off	688,684	–
Sundry Balance written back	(141,963)	–
Profit on Sale of Assets	(25,884,064)	(53,472,506)
Interest Paid	10,294,337	13,976,727
Interest, Rent & Dividend received	(97,004,948)	(80,824,569)
	<u>(88,973,941)</u>	<u>(95,746,865)</u>
Operating profit before Working Capital Changes	15,339,586	934,029
Adjustments for :		
Inventories	(96,119,439)	26,047,473
Loans and Advances	(4,687,860)	(29,841,545)
Other current Assets	76,115,886	(241,902,337)
Receivables	(56,407,726)	90,738,873
Trade Payables and other liabilities	68,583,478	13,040,792
Advances from Customers	(3,669,518)	(144,377,048)
	<u>(16,185,179)</u>	<u>(2,460,303)</u>
Cash generated from operations	(845,593)	(143,443,019)
Adjustments for :		
Direct Taxes paid for Current year (Net)	(16,937,115)	(17,204,067)
Direct Taxes paid for earlier year(refund)	–	1,669,199
Prior period adjustment	(16,937,115)	(38,719)
	<u>(16,937,115)</u>	<u>(15,573,587)</u>
NET CASH FROM OPERATING ACTIVITIES	(17,782,708)	(159,016,606)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Received	650,492	2,694,252
Lease Rent received	43,193,174	36,309,178
Interest Received	53,161,282	41,821,140
Sale of Fixed Assets	79,296,437	111,746,706
Purchase of Fixed Assets	(25,239,817)	(123,223,518)
Purchase of Investments	(160,210,586)	(745,210,894)
Sale of Investments	145,421,495	847,645,349
Capital work in progress	(40,694,531)	(44,784,010)
	<u>95,577,946</u>	<u>126,998,203</u>
Net Cash Flow From Investing Activities	95,577,946	126,998,203



CASH FLOW STATEMENT (Contd...)

(Amount in Rupees)

	2007-2008	2006-2007
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share warrants	14,716,360	-
Proceeds from Long Term Borrowings	(1,495,537)	963,661
Decrease in secured Loans	(63,817,698)	5,938,659
Dividend Paid including Dividend Tax	(25,856,803)	(25,336,171)
Interest Paid on borrowings	(10,294,337)	(13,976,727)
Cash Generated from Financial Activities	<u>(86,748,015)</u>	<u>(32,410,578)</u>
NET CASH GENERATED	(8,952,777)	(64,428,981)
Opening Cash and Cash Equivalent	<u>54,776,673</u>	<u>119,205,657</u>
Closing Cash and Cash Equivalent	<u>45,823,896</u>	<u>54,776,676</u>
Net Increase/(decrease) in Cash & Cash Equivalents	<u>(8,952,777)</u>	<u>(64,428,981)</u>

NOTE:

1. The above cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India
2. Cash and Cash equivalents include balances with schedule Banks on Dividend Accounts -Rs.28.29Lakhs (Previous Year Rs.22.40 lakhs),Accrued interest on Fixed deposits with banks - Rs 1.58 lacs(previous year - Rs 6.00 lacs) and Rs.384.53 Lakhs(Previous Year Rs.329.56 Lacs) in Margin Money Accounts which are not available for use by the Company.
3. Sale of fixed assets of Rs. 792.96 lacs includes net sale proceeds of Hitech City Buildings aggregating to Rs.782.23 Lacs.
4. Notes to Accounts (Schedule 19) form an integral part of Cash Flow Statement.
5. Previous Year Figures have been regrouped wherever necessary to correlate to the current year's classification

This is the Cash Flow Statement referred to in our report of even date for **SEKHAR & CO.**,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : 211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 26.06.2008

Rajesh Jain
Company Secretary



SCHEDULES TO THE BALANCE SHEET

SCHEDULE-1 : SHARE CAPITAL	2007-2008 Rs.	2006-2007 Rs.
AUTHORISED		
2,50,00,000 Equity shares of Rs. 5/- each.	125,000,000	125,000,000
2,50,000 Redeemable Preference shares of Rs.100/- each	25,000,000	25,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
226,04,400 Equity shares of Rs. 5/- each fully paid.	113,022,000	113,022,000
	<u>113,022,000</u>	<u>113,022,000</u>
SCHEDULE-2 : RESERVES AND SURPLUS	2007-2008 Rs.	2006-2007 Rs.
i) General Reserve		
Balance as per last account	300,000,000	250,000,000
Add: Transferred from Profit & Loss Account	50,000,000	50,000,000
Balance at the year end	<u>350,000,000</u>	<u>300,000,000</u>
ii) Capital Redemption Reserve		
Balance as per last account	15,000,000	15,000,000
Balance at the year end	<u>15,000,000</u>	<u>15,000,000</u>
iii) Share Premium account		
Balance as per last account	5,635,890	5,635,890
Balance at the year end	<u>5,635,890</u>	<u>5,635,890</u>
iv) Revaluation Reserve		
Balance at the beginning of the year	160,062,485	178,194,657
Adjusted against depreciation	15,767,697	18,132,171
Balance at the year end	<u>144,294,788</u>	<u>160,062,486</u>
v) Central Subsidy	3,500,000	3,500,000
vi) Profit & Loss Account (Balance as per annexed account)	240,230,310	224,728,306
	<u>758,660,988</u>	<u>708,926,682</u>
SCHEDULE-3 : SECURED LOANS	2007-2008 Rs.	2006-2007 Rs.
From Banks		
Cash Credit	6,706,717	70,524,415
Total	<u>6,706,717</u>	<u>70,524,415</u>
SCHEDULE-4 : UNSECURED LOANS	2007-2008 Rs.	2006-2007 Rs.
Deferred Sales Tax	66,960,974	68,456,511
Total	<u>66,960,974</u>	<u>68,456,511</u>
Due within a year	11,37,179	2,563,605



SCHEDULE 5 - FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block			
	Cost as on 01.04.2007	Additions during the year	Deletions during the year	Cost as on 31.03.2008	Upto 01.04.2007	For the year	Deletions during the year	Upto 31.03.2008	As on 31.03.2008	As on 31.03.2007
1 LAND FREE-HOLD	65,407,009	-	-	65,407,009	-	-	-	-	65,407,009	65,407,009
2 LEASED LAND	26,721,200	-	951,552	25,769,648	405,513	-	-	405,513	25,364,135	26,315,687
3 BUILDINGS	86,082,365	2,949,176	-	89,031,541	32,052,395	5,476,726	-	37,529,121	51,502,420	54,029,970
4 BUILDINGS- HITECH CITY	64,030,000	-	64,030,000	-	10,928,890	461,907	11,390,797	-	-	53,101,110
5 PLANT AND MACHINERY	505,898,733	21,360,090	2,696,115	524,562,708	266,825,933	28,649,334	1,874,279	293,600,988	230,961,720	239,072,800
6 OFFICE EQUIPMENT	3,492,517	754,538	-	4,247,055	1,982,194	273,912	-	2,256,106	1,990,949	1,510,323
7 OFFICE EQUIPMENT -Leased out	15,300,000	-	-	15,300,000	2,586,315	1,768,474	-	4,354,789	10,945,211	12,713,685
8 FURNITURE AND FIXTURES	3,324,037	-	-	3,324,037	1,959,291	247,019	-	2,206,310	1,117,727	1,364,746
9 VEHICLES	7,603,792	35,363	-	7,639,155	5,029,028	672,710	-	5,701,738	1,937,417	2,574,764
10 COMPUTERS	2,830,925	140,650	-	2,971,575	2,251,191	249,862	-	2,501,053	470,522	579,734
TOTAL	780,690,578	25,239,817	67,677,667	738,252,728	324,020,749	37,799,945	13,265,076	348,555,618	389,697,110	456,669,829
Previous Year	730,469,236	123,223,518	73,002,176	780,690,578	296,646,446	42,102,277	14,727,975	324,020,748	456,669,830	433,822,791



6. INVESTMENTS (NON-TRADE, AT COST)

	2007-2008		2006-2007	
	Nos.	Amount	Nos.	Amount
Unquoted				
1) In Government Securities				
National Savings Certificates	–	<u>4,500</u>		<u>4,500</u>
Total Investments in Government Securities		<u>4,500</u>		<u>4,500</u>
2) Investment in Shares				
a) In companies under the same management				
Bhagyanagar India Limited (Equity Shares of Rs 2 each Fully paid-up)	38874	934,248	38874	934,248
Innova Technologies Limited (Equity Shares of Rs 10 each Fully paid-up)	1000	10,000	1000	10,000
Bhagyanagar Securities Private Limited (Equity Shares of Rs 10 each Fully paid-up)	150000	18,000,000	150000	18,000,000
Surana Ventures Limited (Equity Shares of Rs 10 each Fully paid-up)	400000	4,000,000	–	–
Sub-Total	<u>589874</u>	<u>22,944,248</u>	<u>189874</u>	<u>18,944,248</u>
b) In other companies				
BOC India Limited (Equity Shares of Rs 10 each Fully paid-up)	200	45,510	200	45,510
Compulink Systems Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	0	–
Divis Laboratories Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	40	115,560
Dolphin Medical Services Limited (Equity Shares of Rs 10 each Fully paid-up)	50000	600,000	100000	1,200,000
Hyderabad Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	100	16,962
Indian Bank (Equity Shares of Rs 10 each Fully paid-up)	–	–	13960	1,270,360
Indswift Laboratories (Equity Shares of Rs 10 each Fully paid-up)	100	14,700	100	14,700
KNR Constructions Limited (Equity Shares of Rs 10 each Fully paid-up)	1934	328780	–	–
Mahindra Gesco Developers (Equity Shares of Rs 10 each Fully paid-up)	45	23,307	45	23,307
Megasoft Limited (Equity Shares of Rs 10 each Fully paid-up)	19915	2947435	–	–



6. INVESTMENTS (NON-TRADE, AT COST) (CONTD..)

	2007-2008		2006-2007	
	Nos.	Amount	Nos.	Amount
MTNL (Equity Shares of Rs 10 each Fully paid-up)	610	85,368	610	85,368
Prithvi Information Solutions Limited (Equity Shares of Rs 10 each Fully paid-up)	6	1,620	6	1,620
Rural Electrification Limited (Equity Shares of Rs 10 each Fully paid-up)	4379	464,295	–	–
Shyam Telecom Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	1000	105,063
Sree Shakti Paper Mills Limited (Equity Shares of Rs 10 each Fully paid-up)	10000	300,000	15949	478,470
Talbros Automotive Components (Equity Shares of Rs 10 each Fully paid-up)	2107	214,914	2107	214,914
Visaka Industries Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	100	9,201
Visual Soft Technologies Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	42622	3,948,569
VSNL (Equity Shares of Rs 10 each Fully paid-up)	–	–	300	118,801
XL Telecom and Energy Limited (Equity Shares of Rs 10 each Fully paid-up)	–	–	19214	2,588,432
Sub-Total	89296	5,025,929	196353	10,236,837
Total Investments in Equity Shares	679170	27,970,177	386227	29,181,085
3) Investments in Mutual Funds				
Liquid Institutional Dividend Re-Investment Plan	–	16,000,000	–	–
Total Investments in Mutual Funds		16,000,000	–	–
Total Investment in Govt Securities, Shares and Mutual Funds		43,974,677		29,185,585
Aggregate Market Value of Quoted Investments		4,604,568		9,189,367
Aggregate NAV of Mutual Funds		16,009,454		–



SCHEDULE-7 : INVENTORIES (As taken, valued and certified by the Management)	2007-2008 Rs.	2006-2007 Rs.
Raw Materials (At Cost)	65,453,309	12,413,762
Work in process (At cost or net realisable value whichever is lower)	33,653,048	14,987,826
Finished Goods (At cost or net realisable value whichever is lower)	34,321,651	8,406,981
Traded Goods	2,498,000	3,998,000
Total	135,926,008	39,806,569

SCHEDULE-8 : SUNDRY DEBTORS (Unsecured Considered Good)	2007-2008 Rs.	2006-2007 Rs.
a) Debts outstanding for		
i) More than six months	28,179,024	37,899,552
ii) Others	122,351,586	56,912,016
Total	150,530,610	94,811,568

SCHEDULE-9 : CASH AND BANK BALANCES	2007-2008 Rs.	2006-2007 Rs.
a) Cash and cheques in hand	157,851	8,941,774
b) Balance with scheduled Banks		
- In current account	4,225,233	10,037,801
- In Dividend account	2,829,708	2,240,492
- In Fixed Deposit account	10,218,000	10,277,677
- In deposit account - Kept under lien with banks towards margin money and other facilities	28,235,172	22,678,417
- Accrued interest on Fixed Deposits	157,932	600,514
Total	45,823,896	54,776,675

SCHEDULE-10 : OTHER CURRENT ASSETS (Unsecured Considered Good unless otherwise stated)	2007-2008 Rs.	2006-2007 Rs.
Loans against pledge of Securities	190,786,451	266,902,337
Total	190,786,451	266,902,337

SCHEDULE-11 : LOANS & ADVANCES (Unsecured Considered Good unless otherwise stated)	2007-2008 Rs.	2006-2007 Rs.
a) Loans & Advances	10,314,879	2,673,994
b) Balances with Statutory Authorities	19,835,617	10,836,118
c) Advance to Joint Venture Company	1,501,000	-
d) Advance tax and TDS (Net of provisions)	10,665,095	5,471,930
e) Tax paid under protest	3,580,332	25,80,332
f) Deposits	26,176,099	20,370,252
g) Advances to Suppliers	19,513,203	39,772,574
Total	91,586,225	81,705,199



SCHEDULE-12 : CURRENT LIABILITIES	2007-2008 Rs.	2006-2007 Rs.
a) Sundry Creditors	59,280,799	15,881,039
b) Lease deposits	34,104,072	41,172,920
c) Other Liabilities	7,047,024	5,138,555
d) Book overdraft with Banks	30,162,134	–
e) Unclaimed Dividends	2,829,709	2,240,492
f) Advances from customers	6,331,311	10,000,829
Total	<u>139,755,049</u>	<u>74,433,835</u>

SCHEDULE-13: PROVISION	2007-2008 Rs.	2006-2007 Rs.
Proposed Dividend	22,604,400	22,604,400
Additional Tax on Dividend	3,841,620	3,841,620
Bonus	300,000	260,000
Total	<u>26,746,020</u>	<u>26,706,020</u>

SCHEDULE-14 : DEFERRED TAX LIABILITIES (NET)	2007-2008 Rs.	2006-2007 Rs.
a) Deferred Tax Liability as at 1-04-07	6,942,300	6,637,600
b) Deferred Tax Liability for the year	663,100	304,700
Net deferred tax Liability	<u>7,605,400</u>	<u>6,942,300</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

SCHEDULE-15 : INCOME FROM OPERATIONS	2007-2008 Rs.	2006-2007 Rs.
Jelly Filled Telephone Cables	311,822,228	273,743,688
Joining Kits	24,455,330	38,729,119
CDMA Phones	–	131,525,698
Export of Software	4,546,888	–
Telecom accessories	44,802,089	–
Income from Infrastructure leasing	43,193,174	36,309,178
Income from sale of Infrastructural Assets	25,583,797	53,239,420
Electric Power Cable	58,259,719	7,706,796
Optical Fibre/Cables	81,835,905	61,734,529
Sale of Wind Power	6,328,225	1,572
Scrap & Misc Sales	26,873,233	9,678,730
Traded Goods	47,595,423	287,257,831
	<u>675,296,011</u>	<u>899,926,561</u>
Less: Inter-Unit Sales	<u>3,045,477</u>	<u>31,023,467</u>
Gross Sales	<u>672,250,534</u>	<u>868,903,094</u>
Less: Excise Duty	<u>76,983,743</u>	<u>49,305,295</u>
Net Sales	<u>595,266,791</u>	<u>819,597,799</u>



SCHEDULE-16 : OTHER INCOME	2007-2008 Rs.	2006-2007 Rs.
a) Interest on Loans, Deposits & others (Gross)	53,161,282	41,821,139
b) Commission on consignment Sales	551,943	4,352,343
c) Profit on sale of Fixed Assets	300,267	233,086
d) AMC Charges - CDMA	3,901,620	4,300,849
e) Dividend	650,492	2,694,252
f) provisions no longer payable written back	141,963	2,322,505
g) Amounts earlier w/o received now	-	1,065,163
h) Miscellaneous Income	842,505	506,950
i) Gain on foreign exchange fluctuation (Net of losses)	626,103	-
Total	<u>60,176,175</u>	<u>57,296,287</u>

SCHEDULE-17 : MATERIALS	2007-2008 Rs.	2006-2007 Rs.
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A. RAW MATERIALS CONSUMED

a) Opening Stock		
Raw Materials	12,413,762	23,663,280
b) Purchases (net of Modvat)	524,897,349	367,474,511
	<u>537,311,111</u>	<u>391,137,791</u>
c) Less Closing Stock		
Raw Materials	65,453,309	12,413,762
	<u>65,453,309</u>	<u>12,413,762</u>
Less: Inter-Unit Purchases	72,790,205	31,023,467
Raw materials consumed (A)	<u>399,067,597</u>	<u>347,700,562</u>
Purchases - Traded Goods (net of modvat) (B)	<u>45,450,727</u>	<u>278,166,016</u>

B. INCREASE/ DECREASE IN STOCK

a) Opening Stock		
Work in Progress	14,987,826	17,697,529
Finished Goods	8,406,981	24,493,233
Traded Goods	3,998,000	-
	<u>27,392,807</u>	<u>42,190,762</u>
b) Less: Closing Stock		
Work in Progress	33,653,048	14,987,826
Finished Goods	34,321,651	8,406,981
Traded Goods	2,498,000	3,998,000
	<u>70,472,699</u>	<u>27,392,807</u>
(C)	<u>(43,079,892)</u>	<u>14,797,955</u>
TOTAL (A) + (B) + (C)	<u>401,438,432</u>	<u>640,664,533</u>



SCHEDULE-18 : EXPENSES	2007-2008 Rs.	2006-2007 Rs.
Salary, Wages & Allowances	13,230,534	11,195,996
Contribution to PF and other funds	985,331	912,499
Welfare expenses	1,855,032	1,047,734
Proc.& Con.Charges	721,884	857,811
Stores Consumed	3,690,880	2,665,307
Dies Consumed	-	25,178
Power & Fuel	17,225,687	11,159,319
Water Charges	25,621	13,004
Packing & Forwarding	10,867,040	12,004,763
Watch & Ward	1,190,458	984,516
Printing & Stationery	981,214	1,409,716
Post.Tel.& Telephone	2,565,937	2,104,866
Insurance	963,614	825,665
Lease and other Rents	23,203,045	6,743,707
Legal & Licence fees	350,037	265,102
Rates & Taxes	1,734,109	1,574,759
Repairs to		
i) Building	853,879	691,344
ii) Machinery	4,803,447	2,822,961
iii) CDMA Phones	4,344,406	2,733,373
iv) Others	743,739	1,502,590
Remuneration to Directors	284,640	2,984,697
Auditors remuneration		
i) Audit fees	106,742	78,652
ii) Tax audit fees	33,708	33,708
Other Administrative expenses	182,077	279,079
Software development Charges	550,000	-
Commission on Sales	6,782,451	2,606,046
Testing Charges	327,203	828,318
AMC charges/Others	1,053,797	599,673
Advertisement & Business Promotion	1,039,575	574,057
Professional Charges	739,012	699,730
Foreign Exchange Fluctuation loss	-	1,174,000
Vehicles mntce. & Fuel	878,440	776,239
Travelling & Conveyance	3,395,886	4,343,133
Sitting fees	157,500	48,000
Sundry Balances Written off	688,684	1,864,206
Lease Premium amortised	951,552	405,513
Loss on sale of Investments	90,212	603,377
Service Tax	771,952	969,275
Sales Tax (Net)	7,402,984	20,212,873
Entry Tax	56,856	62,393
Other Expenses	1,535,256	1,324,160
Total	117,364,421	102,007,339



SCHEDULE-19 : INTEREST AND FINANCIAL CHARGES	2007-2008 Rs.	2006-2007 Rs.
a) Interest on Cash Credit & others	3,516,181	2,434,561
b) Interest on Term Loan	–	6,695,052
c) Financial Charges	6,778,156	4,847,114
Total	10,294,337	13,976,727

SCHEDULE-20

Significant Accounting Policies and Notes on Accounts Forming Part of Balance Sheet and Profit & Loss Account

20 (A) SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Preparation of Financial Statements

The financial statements are prepared under the Historical cost convention with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

ii. Use of Estimates

The Preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iii. Own Fixed Assets

Fixed Assets are stated at cost net of modvat / cenvat / value added tax, less accumulated depreciation and impairment loss, if any. Any costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations to the fixed assets are capitalized.

iv. Leased Assets

Premium Paid on Leased Assets is amortised over the lease period and the annual lease rentals are charged to Profit and Loss Account in the year it accrues.

v. Depreciation

Depreciation is provided on written down value method, except for Wind Power Plant for which Straight Line Method is followed, at the rate

and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

vi. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

vii. Investments

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management .

viii. Inventories

Items of Inventories are measured at lower of cost or net realizable value, after providing for obsolescence, if any. Cost of inventories comprises of all cost of purchase including duties and taxes other than credits under CENVAT and is arrived on First in First out basis. Semi Fixed goods are valued at cost or net realizable value whichever is lower. Finished goods are valued at cost including excise duty payable or Net realizable value whichever is lower. Cost includes Direct Material, Labour cost and appropriate overheads.

ix. Foreign Currency Transactions

Transactions in foreign currency are recorded



- at the exchange rate, prevailing on the date of transaction or at the exchange rates under the related forward exchange contracts. Profit/Loss on outstanding Foreign Currency contracts have been accounted for at the exchange rates, prevailing at the year end rates as per FEDAI/RBI.
- x. **Employee Retirement / Terminal Benefits**
- The employees of the Company are covered under Group Gratuity Scheme of Life Insurance Corporation of India. The premium paid thereon is charged to Profit and Loss Account. Leave Encashment liability is provided on the basis of best management estimates on actual entitlement of eligible employees at the end of the year.
- xi. **Provision, Contingent Liabilities and Contingent Assets :**
- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities which are not recognized are disclosed in notes. Contingent Assets are neither recognized nor disclosed in Statements.
- xii. **Turnover**
- Turnover includes sale of goods, services, sales tax, service tax and adjusted for discounts (net), excise duty. Inter-Unit sales are excluded in the Main Profit and Loss account.
- xiii. **Revenue Recognition in Case of Real Estate Transactions**
- Revenue in case of real estate transactions is made on the basis of concluded on contracts for sales and purchases.
- xiv. **Segment Reporting**
- Company's operating Businesses, organized & Managed unit wise, according to the nature of the products and services provided, are recognized in segments representing one or more strategic business units, that offer products or services of different nature and to different Markets.
- Company's Operations could not be analyzed under geographical segments in considering the guiding factors as per Accounting Standard-17 (AS-17) issued by the Institute of Chartered Accountants of India.
- xv. **Provision for Taxation**
- Provision is made for Income Tax, estimated to arise on the results for the year, at the current rate of tax, in accordance with the Income Tax Act, 1961. Taxation deferred as a result of timing difference, between the accounting & taxable profits, is accounted for on the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax asset is recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed, as at each Balance Sheet date to re-assess realization.
- xvi. **Excise and Customs Duty**
- Excise and Customs Duty are accounted on accrual basis. CENVAT credit is accounted by crediting the amount to cost of purchases on receipt of goods and is utilized on dispatch of material by debiting excise duty account.
- xvii. **Prior Period Expenses / Income :**
- Prior period items, if material are separately disclosed in Profit & Loss Account together with the nature and amount. Extraordinary items & changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.
- xviii. **Sundry Debtors, Loans and Advances**
- Doubtful Debts/Advances are written off in the year in which those are considered to be irrecoverable.
- xix. **Earnings per Share**
- The Company reports basic and diluted earnings per share in accordance with Accounting Standard-20 (AS-20) issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net Profit or Loss for the year by the Weighted Average number of equity share outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.



20 (B) NOTES ON ACCOUNTS

1. Share Warrants

During the year the Company has issued 33,95,600 optionally convertible share warrants at the conversion rate of Rs 31 per share. The application money received is shown under the head "Share warrants pending allotment" in the Balance Sheet. The warrants are to be converted in 18 months from the date of issue. None of the warrant holders have opted for conversion as on the date of Balance Sheet.

The proceeds of the warrants have been utilized for setting of new Aluminum Plant as part of backward integration

2. Secured Loans

Working Capital Limits are secured by Hypothecation of Stocks, debtors and first charge on pari-passu basis on specific fixed assets of the company

3. Unsecured Loans - Sales Tax deferment

The total Sales Tax Loan Outstanding as on 01-04-2007 was Rs 684.56 Lacs. During the year the company has repaid a sum of Rs 25.63 Lacs and availed a credit of Rs 10.68 Lacs. The outstanding liability stands at Rs 669.61 lacs as on 31.03.2008

4. Deferred Taxes

Deferred Tax adjustments recognized in the financial statements are as under:

Deferred Tax Assets/Liability	As at 31.03.2007 Rs.in Lakhs	Liability arising during the year	As at 31.03.2008 Rs.in Lakhs
Depreciation-Timing difference	69.42	6.63	76.05
Net Deferred tax Liability	69.42		76.05

5. Depreciation on Revalued Assets.

The company had created a sum of Rs. 19,90,53,280 /- towards revaluation reserve in the financial year 2004-05. The excess depreciation on account of revaluation of assets amounting to Rs. 1,57,67,697/- for the current year has been withdrawn from the said Reserve and credited to depreciation account. There is no impact on account of above revaluation on the Book Profits of the Company.

A brief summary of the aforesaid account is as follows.

Particulars	Amount (in Rs)
Depreciation for the year as per Schedule V - Fixed Assets annexed to financial Statements (Excluding amortization of Lease Premium on land)	3,77,99,945
Less: Withdrawn from Revaluation Reserve	1,57,67,697
Depreciation as per Profit and Loss Account	2,20,32,248

6. Capital Work in progress

Break-up of Capital Work-in-Progress is given below

Particulars	Amount (in Lakhs)
Advance for Land at TADA- SEZ	250.00
Advance for Land at Rajivgandhi Infotech Park-Pune	407.53
Purchase of Fixed Assets pending Installation	42.94
Construction - work in Progress	158.01



7. Contingent Liabilities.

Estimated amount of contingent liability which is not acknowledged as debts and claims against the Company and not provided are as follows.

Particulars	2007-2008 (Rupees in Lakhs)	2006-2007 (Rupees in Lakhs)
i. Unexpired Letters of Credit	616.29	41.28
ii. Counter Guarantees given to the Bankers (Including for differential customs duty)	2089.56	1861.13
iii. Sales Tax matters under appeal	163.75	57.00
iv. Excise matter under appeal	70.76	280.66
v. Income tax matters under appeal	115.61	13.70

Note: During the Financial Year 2007-08, The Income Tax Authorities have raised a demand u/s 143(3) for the A.Y: 2005-06 for an amount of Rs 101.91 Lakhs, The company has preferred an appeal against the above demand, besides that there is demand of Rs 13.70 Lakhs for the A.Y: 2004-05 issued by the Income Tax Authorities, which is also pending before the Income Tax Appellate Tribunal and the Management is fully confident that the final out come of both the appeals would be in favour of the Company. Hence, no Provision for the same has been made in the books of accounts.

8. Prior Period Adjustments

Particulars	2007-08		2006-07	
	Debit	Credit	Debit	Credit
i. Bonus	0.33	-	0.36	-
ii. Taxes of Earlier years	-	4.80	-	-
iii. Prepaid expenses of Previous years reversed	-	-	0.89	-
iv. Stores Purchased	1.24	-	-	-
v. Interest on Electricity Deposit of Previous year	-	-	-	0.87
Total	1.57	4.80	1.25	0.87

9. Related Party Disclosures

A. Relationship

Entities in which Directors are Interested	Joint Venture Companies	Key Management Personnel	Relatives of Key management Personnel
Bhagyanagar India Limited	Surana Ventures Limited	G.M. Surana	Sunita Surana
Bhagyanagar Infrastructure Limited		Narender Surana	Vinita Surana
Bhagyanagar Properties Limited		Devendra Surana	
Scientia Infocom India Limited			
Bhagyanagar Telecom Limited			
Bhagyanagar Metals Limited			
Bhagyanagar Energy & Telecom Limited			
Bhagyanagar Entertainment Limited			
Bhagyanagar Ventures Limited			
Metropolitan Ventures India Limited			



Related Party Disclosures (Contd...)

GMS Realtors Pvt Ltd
Innova Technologies Limited
Advantage Real Estate India Pvt Ltd
Tranquil Avenues India Pvt Ltd
Celestial Avenues Pvt Ltd
Majestic Logistics Pvt Ltd
Value Infrastructure and Properties Pvt Ltd
Every Time Foods Industries Pvt Ltd
Surana Technopark Pvt Ltd
Surana Infocom Limited
Innova Biotech India Pvt Ltd
Innova Infrastructure Pvt Ltd
Epicentre Entertainment Ltd
Royal skyscrapers India Pvt Ltd
Site tonic websolutions Pvt Ltd
Surana Biochemicals Pvt Ltd
Andhra Electro Galvanising works (Partnership Firm)

B. Related Party Transactions

Particulars	Rupees in Lakhs	
	2007-08	2006-07
Sales		
Sales to Bhagyanagar India Limited	663.04	2899.10
Purchases		
Purchase from Bhagyanagar India Limited	37.61	4.44
Job Work		
Job work from Bhagyanagar India Limited	43.86	8.18
Purchase from Bhagyanagar Energy and Telecom Limited	184.37	9.00
Advance for purchase of performs from Bhagyanagar Energy and Telecom Limited	–	219.17
Investment in Bhagyanagar Securities Private limited (1,50,000 shares of Rs 10 each)	–	180.00
Investment in Surana Ventures Limited	40.00	–
Advance to Surana Ventures Limited	15.01	–
Remuneration to key Managerial Personnel		
Narender Surana	–	22.37
S.Balasubramanian	2.85	2.85
Commission to Managing Director	–	4.63
Remuneration to relatives of Key Managerial personnel		
Sunita Surana	3.00	3.00
Vinita Surana	1.14	2.40



10. Earnings per share

Particulars	2007-08 (Rupees in Lakhs)	2006-07 (Rupees in Lakhs)
Net Profit after tax	919.48	817.87
Net Profit available for Equity Share-holders	919.48	817.87
Number of Equity Shares- Basic	226.04	226.04
Add: effect of potential equity shares on conversion of warrants	33.96	-
Number of Equity Shares - Dilutive	260.00	-
Nominal Value of Each equity share	5.00	5.00
Basic Earnings Per Share	4.07	3.62
Diluted Earning Per Share (on Conversion of warrants)	3.54	3.15

Earnings per share is calculated in accordance to Accounting Standard 20 issued by ICAI, by Dividing the net profit for the period attributable to shareholders by the weighted average number of shares outstanding during the period.

11. Assets - Impairment.

The management of the Company has reviewed the assets keeping in view the Accounting Standard 28 issued by the Institute of Chartered Accountants of India and is of the view that there is no impairment in the value of assets in accordance to that standard.

12. Sundry Debtors & Other Balances

In case of balances in Sundry Debtors, Loans and Advances, Other Current Assets and Sundry Creditors, letter- seeking confirmation of year-end balances are sent to the concerned parties. The Balances are subject to confirmation and reconciliation.

The Company does not owe any sum to Micro & Small enterprises as at the end of the accounting year on account of principal and interest under the Micro, Small and Medium Enterprises Development Act, 2006 as per the information and records available with the company about their industrial status which has been relied upon by the auditors.

13. Employees Benefits:

A) The company has adopted the revised Accounting Standard AS-15 - Employees Benefits with effect from 1st April, 2007.

B) Defined Benefit Plan

Gratuity:

The company makes annual contribution to the employees' group Gratuity Scheme of Life Insurance Corporation of India (LIC), a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible on separation /termination or death in terms of the provisions of The Payment of Gratuity (Amendment) Act, 1997 or as per company's scheme whichever is more beneficial to the employees.

C) Basis used to determine Expected Rate of Return on Assets

The expected return on plan assets of 8% has been considered based on the information given by LIC which manages the funds.

D) Amounts recognized as expenses

Gratuity cost amounting to Rs 0.84 lacs has been included in Schedule- 18 under contribution to Provident and other Funds.



E) The management is informed by the Insuring Company (LIC) that the balance in Gratuity fund will meet full liability as on 31.03.2008. Further, the benefits paid amounting to Rs 0.59 lacs were met by the LIC. Hence, they are not routed through Profit & Loss Account.

14. Additional information pursuant to provision of paragraph 3, 4C and 4D of Part VI of the Companies Act 1956.

A) Capacity and Production

Particulars	Unit	Installed Capacity		Production	
		2007-08	2006-07	2007-08	2006-07
Jelly Filled Telephone Cables	LCKM	26.75	26.75	3.0948	1.7719
Optical Fibre Cable	RKM	6000	6000	3009.09	100.152
Optical Fibre	FKM	250000	250000	254.703	1866.892
Jointing Kits	Nos	4.9	4.9	0.293	1.281

B) Turnover

Particulars	Units	Quantity		Value (Rs.in lakhs)	
		2007-08	2006-07	2007-08	2006-07
Jointing Kits	No's	113433	128133	244.55	387.29
Jelly Filled Telephone Cables	Lckm	2.909	2.0861	3118.22	2737.44
Optical Fibre Cable	RKm	3009.615	1910.702	816.63	616.59
Optical Fibre (OF)	FKm	254.703	94.475	1.73	0.75
Power Cable	Km	320.278	87.959	582.60	77.07
CDMA Phones	No's		37500		1315.26
Copper Wire Rod (Traded)	Kgs	107334	618780	460.95	2840.06
Scrap Sale & Others	Kgs		74118	283.73	100.80
Transmission Towers	No's		54794	-	28.50
Telecom accessories	NA			448.03	
Software Exports	NA			45.47	
Wind Power Sale				63.28	0.015
Infrastructure Leasing				431.93	363.09
Infrastructure Sales				255.84	532.39
Total (for Value only)				6752.96	8999.26

C) Purchases of Traded Goods

Particulars	Units	Quantity		Value (Rs.in lakhs)	
		2007-08	2006-07	2007-08	2006-07
Copper	Kgs	110489	691447	454.50	2754.18
Others	Kgs			-	27.48
Total				454.50	2781.66



D) Opening and Closing Stocks of Finished Goods

Particulars	Opening Stock				Closing Stock			
	Quantity		Value (Rs.in lakhs)		Quantity		Value (Rs.in lakhs)	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Jointing Kits (Lac Nos)	3.03	-	28.78	-	0.44	3.03	4.81	28.78
Jelly Filled Telephone Cables (Lac Nos)	0.0012	0.32	1.62	189.71	0.186	0.0012	215.06	1.62
CDMA Phone (Nos)			21.29				23.66	21.29
Optical Fibre Cable (Kms)	91.61	135.45	23.18	35.35	91.088	91.61	23.99	23.18
Traded Goods				19.87			24.98	
Power Cables (Kms)								
Cables (kms)	12.193	-	9.19	-		12.193	1.80	9.19
Alluminium Rod (MTs)	-	-	-	-	57.724	-	73.88	
Total			84.06	244.93			368.18	84.06

E) Raw material consumed

Particulars	Units	Quantity		Value (Rs.in lakhs)	
		2007-08	2006-07	2007-08	2006-07
Copper	Kgs	539569	267978	1750.58	862.46
Polythene Granules	Kgs	1257429	784965	850.67	479.52
Alluminium Foils	Kgs	117063	120217	186.65	168.80
G S Tape	Kgs	103685	66110	47.80	29.16
Optical Fibre	Kms	18506	46195	168.30	112.46
Resin Synthetic	Kgs	1000	14500	5.62	35.54
CDMA Phone R.M	No's		37500	-	1122.91
Others				763.38	590.78
Alluminium Wire Rod	Kgs	183803		217.67	75.38
Total (for Value only)				3990.67	3477.01

F) Value of Imported & Indegenous Raw Material and Components Consumed

Rupees in Lakhs

Particulars	2007-08		2006-07	
	Value	Percentage	Value	Percentage
Imported	2825.99	70.81%	2486.02	71.5%
Indigenous	1164.68	29.19%	990.99	28.5%
Total	3990.67	100%	3477.01	100%



G) Expenditure in Foreign Currency

Particulars	Value (Rupees in Lakhs)	
	2007-2008	2006-2007
Raw Material	2825.99	1496.06
Traded Goods	–	989.96
Expenditure in Foreign Currency (Travelling)	11.38	17.64
Expenditure in Foreign Currency (Capital Items)	41.91	–
Total	2879.28	2503.66

H) Earnings in Foreign Currency

Particulars	Value (Rupees in Lakhs)	
	2007-2008	2006-2007
Software Exports	45.47	–
Total	45.47	–

15. Segmental Reporting

In accordance with the Accounting Standard -17 (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, is given below.

Particulars	Rupees in Lakhs				
	Telecom Products	Infrastructure	Wind Power	Trading	Total
REVENUE (Net of Excise)	4725.67	687.77	63.28	475.95	5952.67
Total Revenue	4725.67	687.77	63.28	475.95	5952.67
RESULTS					
Segment Results	359.38	371.89	28.75	5.52	765.54
Unallocable Income/ Expenses					383.76
Operating Profit					1149.30
Interest Expenses					102.94
Income Taxes					126.88
Profit from Ordinary Activities					919.48
Net Profit					919.48
Other Information					
Segment Assets	6403.29	1350.76	650.95		8405.00
Unallocable Assets					2860.68
Total Assets					11265.68
Segment Liabilities	680.39	347.26	30.87		1058.52
Unallocable Liabilities					606.50
Total Liabilities					1665.02
Capital Expenditure	243.09	–	–		243.09
Unallocable Capital Expenditure					9.30
Total Capital Expenditure					252.39
Depreciation	320.42	24.02	33.55		377.99
Unallocable depreciation					–
Total Depreciation	320.42	24.02	33.55		377.99
Non Cash expenses -other than Depreciation	16.40	–	–		16.40
Unallocable non cash expenses	Nil	Nil	Nil		Nil



Reconciliation of reportable segments with financial statements (Rs in Lacs):

Particulars	Revenues		Results/Net Profit		Assets		Liabilities	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Total reportable segments	5952.67	8195.98	765.54	929.33	8405.00	7244.78	1058.52	1452.18
Corporate Unallocable (net)	601.76	572.96	383.76	176.86	2860.68	3445.33	606.50	333.88
Interest expenses	-	-	102.94	139.76	-	-	-	-
Taxes	-	-	126.88	148.55	-	-	-	-
As per financial statements	6554.43	8768.94	919.48	817.88	11265.68	10690.11	1665.02	1786.06

Previous years figures have been regrouped and recast wherever necessary to make them comparable with current years figures.

This is the Notes referred to in our report of even date for **SEKHAR & CO.**,
Chartered Accountants

For and on behalf of Board of Directors

G. Ganesh
Partner
Membership No : 211704

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 26.06.2008

Rajesh Jain
Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(as required under part IV of the amended Schedule VI of the Companies Act 1956.)

I. Registration Details

a) Company Identification No.(CIN)	L23209AP1989PLC010336		
b) State Code No.	01		
c) Balance Sheet Date	31	03	2008
	(Date)	(Month)	(Year)

II. Capital Raised during the year (Rs. in Thousands)

a) Public Issue		Nil
b) Rights Issue		Nil
c) Bonus Issue		Nil
d) Private Placement (Preferential Issue of Equity Share Warrants)	14,716.36	

III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

a) Total Liabilities		967672.43
b) Total Assets		967672.43
c) Sources of Funds		
i) Paid up Capital	113,022.00	
ii) Share Warrants	14,716.36	
iii) Reserves & Surplus	758660.98	
iv) Secured Loans	6706.71	
v) Unsecured Loans	66960.97	
vi) Deferred Tax	7605.40	967672.43
d) Application of Funds		
i) Net Fixed Assets	389697.11	
ii) Capital Work-in-progress	85848.53	
ii) Investments	43974.67	
iii) Net Current Assets	448152.12	967672.43

IV. Performance of Company (Rs. in Thousands)

i) Sales and other income	655442.96
ii) Total Expenditure	551129.44
iii) Profit for the year	104313.52
iv) Profit Before Tax	104636.12
v) Profit After Tax	91948.02
vi) Face Value per share (Rs.)	5.00
vii) Earnings per share (Rs.)	4.07
viii) Dividend (%)	20.00

V. Generic names of three Principal Products of Company

Item Code No. (ITC Code)	Name
8547.09	Jointing Kits
8544.90	Jelly Filled Telecommunication Cable
8544.90	Fibre
8544.91	Optic Cables
8544.00	Power Cables

for and on behalf of the Board

G.M. Surana
Chairman

Narender Surana
Managing Director

Devendra Surana
Director

Place : Secunderabad
Date : 28th July, 2008

Rajesh Jain
Company Secretary

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

To,
KARVY COMPUTERSHARE PVT. LTD.
Unit : Surana Telecom and Power Limited.
Plot No. 17-24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081
Phone: 040-23420816/824, Fax: 040-23420814

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (for Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy of a cheque issued to you by your Bank, for verification of the above particulars)	
Account Type (Please tick the option)	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s. Surana Telecom and Power Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place :

Date :

Signature of First Holder

Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to NSDL / CDSL as the case may be, through their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered.





SURANA TELECOM AND POWER LIMITED

Registered Office : 2nd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

ATTENDANCE SLIP

19th Annual General Meeting 17th September, 2008.

DP.Id*
Client Id*

Reg. Folio No.

Name and address of the Shareholder : _____

No. of Share(s) held : _____

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 19th Annual General Meeting of the Company, at III Floor, Surya Towers, S.P. Road, Secunderabad - 500 003 at 11.30 A.M. on Wednesday, the 17th September, 2008.

** Member's/Proxy's name in Block Letters

** Member's/Proxy's Signature

- Note : 1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.
2. NO GIFTS WILL BE GIVEN.

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable.



SURANA TELECOM AND POWER LIMITED

Registered Office : 2nd Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

PROXY FORM

DP.Id*
Client Id*

Reg. Folio No.

I/We
of
BEING MEMBER/MEMBERS OF M/S. SURANA TELECOM AND POWER LIMITED, hereby appoint
of
or failing him
of

as my / our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company, at III Floor, Surya Towers, S.P. Road, Secunderabad - 500 003 at 11.30 A.M. on Wednesday the 17th September, 2008 and at every adjournment thereof.

Signed this day of, 2008.

- Note : 1. Proxy need not be a member.
2. Proxy Form, complete in all respects, should reach the Registered Office of the Company on or not later than 48 hours before the time for holding of the Meeting.

Please Affix Rs.1/- Revenue Stamp
--

Signature

* Applicable for Investors holding shares in electronic form.

NO GIFTS WILL BE GIVEN

NO GIFTS WILL BE GIVEN

