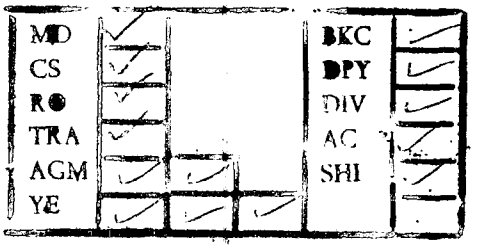
SANSCO SERVICES - Annual Reports Library Services - www.sansco.net





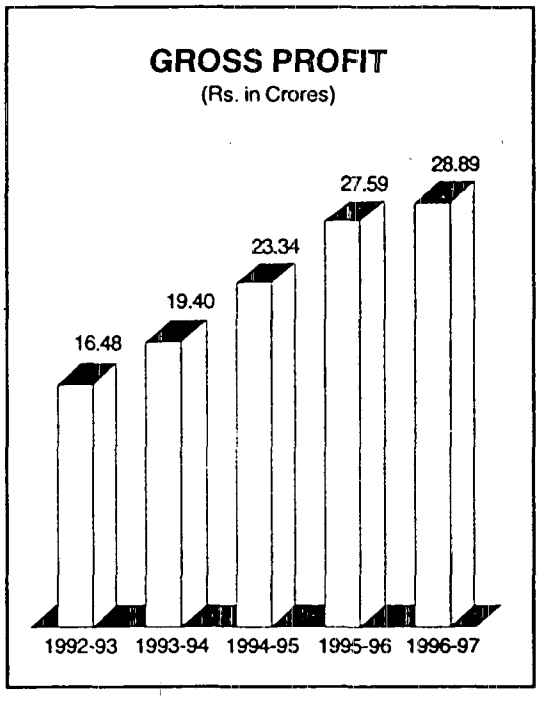
ReportJunction.com

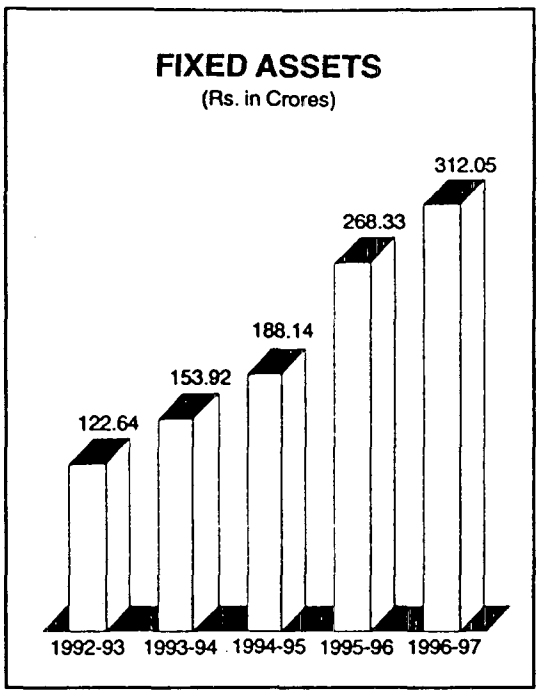
SURYA ROSHNI LIMITED

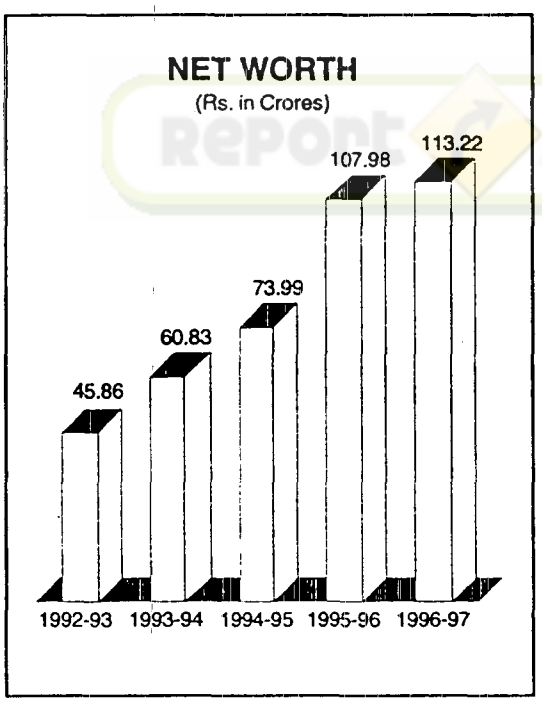
Annual Report 1996-97

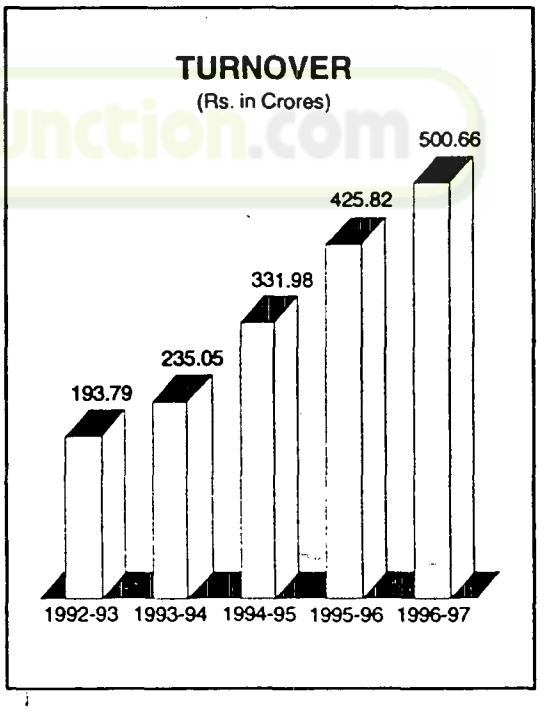
www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net









www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

BOARD OF DIRECTORS

Shri B.D. Agarwal	Chairman and Managing Director
Shri T.R. Tuli	
Shri S.D. Jadhav	
Shri S.K. Mukhopadhyay	
Shri P.C. Gupta	
Shri S.N. Arya	
Shri J.P. Agarwal	Vice-Chairman and Joint Managing Director

MANAGEMENT EXECUTIVES

Lighting Division

Shri P.K. Rastogi	Chief General Manager Kashipur Unit
Shri A.P. Sharma	Chief General Manager Malanpur Unit

Steel Division

Shri R.R. Sharma	Executive Director
Shri S.N. Bansal	President

GENERAL MANAGER (FINANCE) & COMPANY SECRETARY

Shri R.K. Gupta

AUDITORS

Sastry K. Anandam & Company
Chartered Accountants

BANKERS

Punjab National Bank
State Bank of India
ANZ Grindlays Bank

REGISTERED OFFICE AND WORKS-STEEL DIVISION

Prakash Nagar, Sankhol, Bahadurgarh-124507 (Haryana)

WORKS-LIGHTING DIVISION

7, k.m. Stone, Kashipur-Moradabad Road,
Kashipur-244713 Distt. Nainital (Uttar Pradesh)

J - 7, 8 & 9, Malanpur Industrial Area
Malanpur, District Bhind (Madhya Pradesh)

CONTENTS	PAGE NO.
Notice	2
Directors' Report	4
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	12
Schedules	14
Balance Sheet Abstract	30
Cash Flow Statement	31

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of SURYA ROSHNI LIMITED will be held on Thursday, the 25th day of September, 1997 at 10.30 A.M., at the Registered Office of the Company at Prakash Nagar, Sankhol, Bahadurgarh 124507 (Haryana) to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts of the Company and the Reports of Directors' and Auditors' thereon for the year ended 31st March, 1997.

2. To declare dividend.

3. To appoint a Director in place of Shri S N Arya, who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri P C Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provision of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company or a Committee of Directors authorised by the Board in this behalf be and is hereby authorised to lease or dispose of the whole or substantially the whole of the undertaking including the authority to mortgage and/or charge all the immovable properties of the Company, present and future, wherever situated and/or to giving the power to take over the management of the business and concern of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise/to or in favour of Industrial Development Bank of India (IDBI) as trustee for debenture holders or otherwise) to secure:

(a) Non-Convertible Debentures upto a sum of not exceeding Rs.3740 lac (Rupees Three thousand seven hundred forty lac only) by way of Private Placement with Financial Institutions/Banks/Mutual Funds;

(b) Rupee Term Loan of Rs.500 lac (Rupees Five hundred lac only) and Foreign Currency Loan of 7894 million Italian Lira equivalent in aggregate to Rs.1887 lac (Rupees one thousand eight hundred eighty seven lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;

(c) Rupee Term Loan of Rs.1000 lac (Rupees one thousand lac only) lent and advanced/agreed to be lent and advanced by Industrial Investment Bank of India (IIBI) to the Company;

(d) Together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, cost, charges, expenses and other monies payable by the Company to IDBI, Debenture holders and IIBI under Loan Agreement/Debenture Trustee Agreement entered into/to be entered into by the Company in respect of the aforesaid loans;

"**RESOLVED FURTHER THAT** the Board of Directors of the Company or a Committee of Directors authorised by the Board in this behalf be and is hereby authorised to finalise all agreement(s) for creating mortgage and/or charge as aforesaid and to do all such acts, deeds and matter as may be necessary or expedient for giving effect to the above resolution."

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 26th June, 1997

R K GUPTA
General Manager (Finance)
& Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF, A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   Proxies, in order to be effective, must be received at the Padma Tower-I, Rajendra Place, New Delhi - 110 008 or Registered Office, not less than forty-eight hours before the commencement of this Annual General Meeting i.e. before 10.30 A.M. on 23rd September, 1997.

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 is annexed hereto.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1997 to 25th September, 1997 (both days inclusive).

4. The dividend on the equity shares as recommended by the Directors, if approved, at the Annual General Meeting, will be made payable on or before 5th November, 1997 to those members whose names stand on the Register of Members as on 25th September, 1997.

5. Those members who have so far not encashed their dividend warrants for the year ended 31-03-94, 31-03-95 and 31-03-96 may immediately approach the Company with their warrants for revalidation.

6. The amount of the unclaimed dividend for the financial year ended 31-03-93 has already been transferred and the amount of unclaimed dividend for the financial year ended 31-03-94 will be transferred on or before 28th November, 1997 to the general revenue account of the Central Government, in terms of the provisions of Section 205A of the Companies Act, 1956. Those who have so far not claimed their dividend for the said financial year may claim their dividend by submitting an application in Form No.II to:

The Registrar of Companies
NCT Delhi and Haryana
Paryavaran Bhawan
IInd Floor, CGO Complex
Lodhi Road, New Delhi - 110 003

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 06

In order to meet the increased margin money requirement and normal Capital expenditure the Company has raised/to be raised:

(a) Non-Convertible Debentures upto a sum of not exceeding Rs.3740 lac (Rupees Three thousand seven hundred forty lac only) by way of Private Placement with Financial Institutions/Banks/Mutual Funds;

(b) Rupee Term Loan of Rs.500 lac (Rupees Five hundred lac only) and Foreign Currency Loan of 7894 million Italian Lira equivalent in aggregate to Rs.1887 lac (Rupees one thousand eight hundred eighty seven lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company.

(c) Rupee Term Loan of Rs.1000 lac (Rupees one thousand lac only) lent and advanced/agreed to be lent and advanced by Industrial Investment Bank of India (IIBI) to the Company.

The financial assistance from the IDBI, Debenture holders and IIBI (referred as Lenders) have to be secured by a Joint mortgage of all the immovable and movable properties of the Company, present and future.

Section 293(1) (a) of the Companies Act, 1956 provided inter alia that the Board of Directors of a Public Company shall not without the consent of such public Company in General Meeting, sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking. Since the mortgage by the Company of its immovable and movable properties as aforesaid in favour of the financial institutions may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293 (1) (a) of the Companies Act, 1956 before creating of the said mortgage/charge. Copy of the Loan Agreement(s) executed between the Company and Lenders/Trustee of Debenture holders and copies of the relevant documents/correspondence between the said Lenders/Trustee and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is interested in the resolution, except Shri S D Jadhav, who is nominee of IDBI.

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 26th June, 1997

R K GUPTA
General Manager (Finance)
& Company Secretary

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the operations of your Company together with audited accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

(Rs. in crores)

			1996-97	1995-96
Profit for the year			**28.89**	27.59
Less: Depreciation			**18.06**	12.36
Profit before tax			**10.83**	15.23
Provision for Tax			**1.40**	—
Net Profit after tax			**9.43**	15.23
Add:	Balance brought forward from the previous year		**13.36**	8.03
Profit available for appropriations			**22.79**	23.26
Less :	Debenture Redemption Reserve	**2.03**	1.31	
	Proposed Dividend	**3.81**	3.59	
	Tax on Distributed Profits	**0.38**	—	
	Transferred to General Reserve	**2.50**	5.00	
			8.72	9.90
Balance carried to Balance Sheet			**14.07**	13.36

2. DIVIDEND

Your Directors are pleased to recommend payment of dividend at the rate of 15% on share capital of Rs.25.40 crores. The dividend, if approved by the shareholders at the Annual General Meeting will be paid to all those shareholders whose names appear on the Register of Members as on 25th September, 1997. The dividend (including tax @ 10% on distributed profits) will absorb Rs.4,19,12,063/-.

3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review the turnover of your Company increased to Rs.500.66 crore from Rs.425.82 crore last year, a rise of 18% and gross profit to Rs.28.89 crore from Rs.27.59 crore last year, a rise of 5%. The division wise performance of your Company stood as follows:

STEEL DIVISION

During the year under review, the turnover of the division has increased to Rs.285.93 crore as against Rs.267.73 crore over the last year a rise of 7% which your Directors consider satisfactory.

The Steel Division obtained ISO 9002 accreditation for its quality system during the year. It has been able to increase substantially, its sale of large Dia Pipe in API (American Petroleum Institute) specification.

LIGHTING DIVISION

The Lighting Division witnessed a highly competitive market during the year under review; but in spite of such conditions the turnover increased to Rs. 214.73 crore from Rs.158.09 crore, a rise of 36%.

During the year under review, the Lighting Division's exports rose to Rs.15.35 crore from Rs.9.23 crore last year, a rise of 66%. The Company is exporting its products in over 25 countries.

During the year under review the Division completed the projects consisting of GLS lamp cap project, GLS lamp project and electrostatic coating machine at a total cost of Rs.30.50 crore and all the above Projects have been stablised and running successfully.

4. FUTURE PROSPECTS

Your directors hope that the turnover and profitability during the current year is likely to increase further for the reason that the current year would have the full impact of benefits of projects completed in the last year.

5. ON GOING PROJECTS

The Project of Ribbon Glass Shell aggregating to Rs.83.27 Crore will be completed in the year 1998, increasing the capacity of GLS and FTL shells by 362 million Nos. per annum.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

6. COMPLIANCE OF CLAUSE 43 OF LISTING AGREEMENT

1. Utilisation of Funds

The Company made a Rights Issue of 18,35,841 16% Partly Convertible Debentures of Rs.100 each vide its Letter of Offer dated 26th February, 1993. The funds raised have been utilised towards the objects of the issue as stated in the Letter of Offer.

2. Profitability

The projections of profitability which the Company reported in the Letter of Offer dated 26th February, 1993 and the profitability that the Company achieved are as follows:

(Rs.in Crore)

	Projected for the year, 1996-97	Achieved for the year, 1996-97
Net Sales (excluding excise duty & internal consumption)	219.14	409.86
Net Profit	11.77	9.43

7. FIXED DEPOSITS

The public response towards the company's fixed deposit scheme continued to be encouraging during the year under review. At the close of the year 92 deposit holders, whose deposits aggregating to Rs.11,24,000 had become due for payment, did not claim or renew their deposits. Since then deposits aggregating to Rs.6,14,000 have either been claimed or renewed. Other deposit holders whose deposits have matured during the year were repaid their principal amounts with interest.

8. PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

Particulars of employees, as required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended and information as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

9. DIRECTORS

During the year under review Mr. S.K. Mukhopadhyay was nominated as Director on the Board of Directors of the Company by Unit Trust of India.

Shri Vinay Surya , Director resigned from the Board due to personal reasons. According to Article 101 of the Articles of Association of the Company, Shri S. N. Arya and Shri P.C. Gupta retire by rotation and, being eligible, offer themselves for reappointment.

10. AUDITORS

The Auditors, Messers. Sastry K. Anandam & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The observations of the Auditors have been suitably dealt with, in the notes on accounts.

11. ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation of the continued support from All India Financial Institutions, Bankers, Government Authorities, Business Constituents and Investing Public.

Your Directors also wish to place on record once again their appreciation of the contribution made by the workers, staff and executives, at all levels to the continued growth and prosperity of the company. The overall industrial relations remained cordial at all the establishments.

for and on behalf of
The Board of Directors

B D Agarwal
Chairman and
Managing Director

Place : New Delhi
Dated: 26th June, 1997

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) read with Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 1997.

I. CONSERVATION OF ENERGY

a) **Energy conservation measures taken:**

Various steps taken by Steel Division are as follows:

- By using cooling water chemical additive, efficiency of D G Sets and other equipments have been increased.
- For improving power factor, 2 Nos. capacitor banks each of 250 KVAR rating have been installed in the electrical network which resulted into reduction in line losses.

In Malanpur Unit of Lighting Division various steps taken are as follows:

- FTL Sealing : Use of modified burners on machine has resulted in saving of LPG.
- Thermal insulation : An improved thermal insulation of thermic fluid lines has resulted in saving of HSD.
- Falma & FTL chains : Installation of 50 KVAR Capacitor Bank resulting into reduction of line losses.
- Annealher (Stem) : Introduction of automatic cut-off controls, thus saving in electrical energy.
- Energy saving transformers have been installed for general lighting in Ware House and Stores which has reduced power consumption.
- GLS plant : Introduction of 10 Fold pump in place of separate individual pumps has resulted in savings of electrical energy.

In Kashipur Unit of Lighting Division various steps taken are as follows:

- We have maintained our power factor around 99% and had obtained rebate more than Rs.3.00 lacs from U.P.S.E.B.
- We have redesigned our compressed air line, lighting system and heating temperature controller. Thereby we have consumed less power in 1996-97 than 1995-96 (i.e. we consumed 171 lacs units in 1996-97 compared to 177.3 lacs units in 1995-96 whereas production has increased by 15% or more.
- We have installed Fire Hydrant System approved by TAC thereby reducing insurance premium and enhancing safety.
- We are proposing to spend 5 lacs for treating our effluent and using it for gardening purpose.

b) **Additional investment and proposal, if any, being implemented for reduction of consumption of energy:**

In Malanpur unit of Lighting Division by using imported fuel additives to achieve further better efficiency of DG sets in terms of unit generation per Ltr. of HSD; Use of oil cons (centrifuge) unit to enhance the period of Lubricating oil replenishment & Thyristor control (face angle firing) system for oven and soft starter for light loaded motors are under process.

c) **Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods :**

The above measures gave substantial saving in consumption of energy.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries in the Schedule thereto:

	Steel Division		Lighting Division	
	1996-97	1995-96	1996-97	1995-96
A) Power and Fuel Consumption				
1. Electricity				
a) Purchased				
Units (in thousands)	5627.04	8364.93	20435.80	18338.57
Total Amount (Rs.in lacs)	174.58	225.10	650.93	498.95
Rate/Unit (Rs.)	3.10	2.69	3.19	2.72
b) Own Generation				
Through Diesel Generator				
Units (in thousands)	9562.60	6965.24	4598.17	4452.43
Unit per Ltr. of diesel oil	2.85	3.30	3.11	3.26
Cost/Unit (Rs.)	2.65	2.31	2.39	2.13
2. Furnace Oil				
Qty. (K. Ltrs.)	1468.62	1121.00	4489.17	4473.63
Total amount (Rs. in lacs)	97.23	62.47	279.25	258.30
Avg. Rate (Rs.)	6.62	5.57	6.22	5.77
3. L.P.G.				
Qty. (Tonnes)	—	—	3003.32	2826.89
Total amount (Rs.in lacs)	—	—	475.96	392.75
Rate/KG (Rs.)	—	—	15.85	13.89
4. Diesel (used in boiler)				
Qty. (K. Ltrs)	—	—	1064.72	606.81
Total amount (Rs.in lacs)	—	—	81.95	42.05
Rate/Ltr. (Rs.)	—	—	7.70	6.93

B) Consumption per unit production

Product	Unit	Steel Tubes/Pipes (Per M.T.)		Glass Item (Per M.T.)	
Electricity	Units	114.72	123.42	234.88	472.92
Furnace	Ltrs.	26.65	22.82	205.50	411.32
L.P.G.	Kg.	—	—	58.49	117.72

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules:

1. Research and Development (R&D)

a) Specific areas in which R&D carried out by the Company:

New process are being developed to manufacture new varieties in Lighting products

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

b) **Benefits derived as a result of Above R&D:**
The Company has derived the benefits of cost reduction and better quality through increase in speed of machines, automation, low break down time and less wastages as a result of above efforts.

c) **Future Plan of action:**
Our R&D efforts increasing the out-put, reduction in wastage, improvement in quality and reduction in energy conservation will continue.

d) **Expenditure on R&D:**
Expenditure though incurred but has not been quantified as R & D expenses.

2. Technology absorption, adaptation & innovation:

a) **Efforts, in brief, made towards technology absorption, adaptation and innovation:**
Engineers have been trained abroad for successfully absorbing Aluminium Cap (GLS) manufacturing technology and production on High speed GLS chain (Falma). Aluminium Cap Plant and High speed chain have been successfully installed and production achieved.

b) **Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:**

Continuous development of new, reliable, economic, safe and energy efficient, improved products, concepts, processes, leading to efficiency, cost reduction and import substitution. Continuous drive for appropriate product development as per international specifications has yielded good results.

c) **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) :**

	Technology imported (Product)	Year of import	Has technology been fully absorbed	If not fully absorbed area where this has not taken place reason thereof and plans of action
1.	High speed chain (Falma)	1996-97	Yes	N.A.
2.	Aluminium Cap Plant (GLS)	1996-97	Yes	N.A.
3.	Auto Halogen Lamps	1994-95	Yes	N.A.
4.	Lead Glass	1994-95	Yes	N.A.
5.	High Speed Chain	1993-94	Yes	N.A.
6.	Filament for GLS Lamps	1991-92	Yes	N.A.
7.	Filament for Fluorescent Tube Lamps	1991-92	Yes	N.A.
8.	Fluorescent Powder	1991-92	Yes	N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) **Activities relating to exports, initiatives taken to increase export, development of new markets for products and services and export plans:**
Visits are being made by Company's personnel to develop new export market from time to time and export possibilities are explored.

b) **Total foreign exchange used and earned (Rs. in lac)**
Used 1705.38 Earned 1274.34

for and on behalf of
The Board of Directors

Place : New Delhi
Date : 26th June, 1997

B D Agarwal
Chairman and Managing Director

www.reportjunction.com