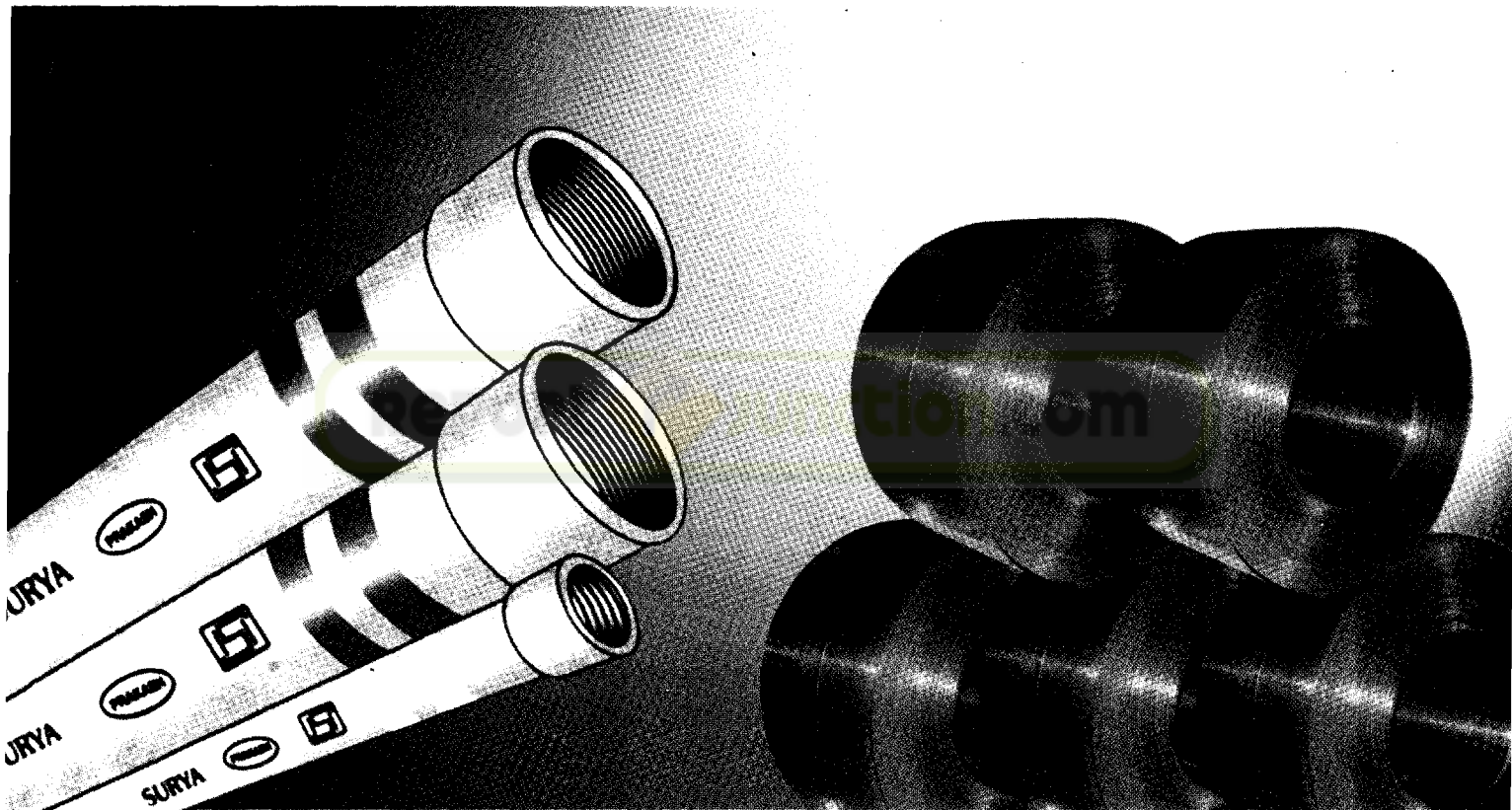


ANNUAL REPORT 2003-2004



SURYA ROSHNI LIMITED

Audited Financial Results

	(Rs. in Crores)				
Year March Ending	1999-2000	2000-01	2001-02	2002-03	2003-04
Turnover	776.33	824.80	806.57	864.61	943.71
Profit Before Interest, Depreciation & Tax	96.17	96.72	85.10	75.02	67.59
Profit Before Depreciation & Tax	49.18	51.02	46.15	39.29	40.54
Profit Before Tax	15.69	16.00	13.90	12.11	14.57
Profit After Tax	13.84	14.61	11.18	9.76	11.99
Dividend (%)	15.00	10.00	10.00	10.00	12.00
Net Worth					
Share Capital	28.40	28.40	27.40	26.40	25.40
Reserves	120.92	132.22	90.61	93.54	101.26
Total	149.32	160.62	118.01	119.94	126.66
Gross Fixed Assets	473.03	495.56	500.17	512.14	518.25



(from L to R) Mr. Sanjeev Kumar (Sr. Manager-Export), Mr. Peter B. Mc. Veigh (Managing Director-Status International (UK) Ltd.), Mr. B.D. Agarwal (Chairman & Managing Director) & Mr. Nicholas J. Mc. Veigh (Director-Status International (UK) Ltd.)



SURYA ROSHNI LIMITED

BOARD OF DIRECTORS

B.D. Agarwal	Chairman and Managing Director
B. B. Chadha	
G. S. Gupta	
K. K. Narula	
M. G. Bakre	IDBI Nominee
Rajendra Arya	
Urmil Agarwal	
J.P. Agarwal	Vice-Chairman and Joint Managing Director

MANAGEMENT EXECUTIVES

Corporate

S. N. Bansal	Executive Director
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Lighting Division

A.P. Sharma	Executive Director
Chatur Singh	Chief General Manager Kashipur Unit
B.B. Pradhan	Chief General Manager Malanpur Unit

Steel Division

S. K. Aggarwal	President
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COMPANY SECRETARY

B.B. Singal

AUDITORS

Sastry K. Anandam & Company
Chartered Accountants

BANKERS

State Bank of India
Punjab National Bank
Bank of India

REGISTERED OFFICE AND WORKS-STEEL DIVISION

Prakash Nagar, Sankhol, Bahadurgarh-124507 (Haryana)
E-mail : surya_roshni@satyam.net.in

WORKS-LIGHTING DIVISION

7 k.m. Stone, Kashipur-Moradabad Road,
Kashipur-244713 Distt. Udham Singh Nagar (Uttaranchal)
E-mail:slrks@nda.vsnl.net.in

J - 7, 8 & 9, Malanpur Industrial Area
Malanpur, District Bhind (Madhya Pradesh)
E-mail : srlmplpr@sancharnet.in

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NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the members of SURYA ROSHNI LIMITED will be held on Friday, the 24th September, 2004 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, 2004.
2. To declare dividend.
3. To appoint a Director in place of Shri Rajendra Arya, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K. K. Narula, 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 Sh. B. B. Chadha be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Sh. G. S. Gupta be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future and the whole of the undertaking of the Company in favour of Industrial Development Bank of India (IDBI) acting as agent of Banks/Financial Institutions to secure :

- a) Rupee Term Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced by Jammu & Kashmir Bank to the Company.
- b) Rupee Term Loan of Rs.2300 lac (Rupees Two thousand three hundred lac only) lent and advanced by Indian Overseas Bank to the Company.
- c) Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of India to the Company.
- d) Corporate Loan of Rs.2000 lac (Rupees Two thousand lac only) lent and advanced by State Bank of India to the Company.

Together with interest thereon at the respective agreed rates, interest tax, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to Jammu & Kashmir Bank, Indian Overseas Bank and State Bank of India under Loan Agreements 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 : 25th June, 2004

B. B. SINGAL
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 408, 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 22nd September, 2004.

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item no. 6, 7 and 8 is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 8.09.2004 to 13.09.2004 (both days inclusive)
4. Members are requested to forward their change of address notifications, Bank Account details including 9 digit MICR number appearing on the cheque pertaining to the respective bank account to facilitate distribution of dividend through Electronic Clearing Service (ECS) to the Company / Registrar and Transfer Agent - **Mas Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi - 110 029**, in respect of Shares held in physical form and to their respective Depository Participants if the shares are held in electronic form.
5. Pursuant to Section 205A of the Companies Act, 1956, dividend, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education & Protection Fund of the Central Government.

SURYA ROSHNI LIMITED

Members who have not encashed their dividend warrant so far for the financial year ended 31st March, 1997, or any subsequent financial year(s) are requested to address their claim to **The Company Secretary, Surya Roshni Limited, 408, Padma Tower-I, 5, Rajendra Place, New Delhi - 110 008.**

6. Information provided as per Clause 49VI(A) of the Listing Agreement.

The following are the details of the directors seeking reappointment or recommended to be appointed as a Director :

Shri Rajendra Arya, aged about 35 years, has been a director of the Company since November, 1997. He is a member of the Company's Remuneration and Shareholders'/ Investors' Grievance Committees and is a director in Prakash Surya Industries Ltd. Shri Arya holds degree in B.E. (CIVIL) from Malaviya Regional Engg. College, Jaipur in the year 1993. He has a rich experience of over 11 years in the administrative field.

Shri K. K. Narula, aged about 65 years, has been the director of the Company since March, 2000. He is the Chairman of the Company's Audit Committee and member of the Remuneration Committee. He does not hold directorship in any other company. Shri Narula is a M. Com. from the University of Delhi and also a Certified Associate of Indian Institute of Bankers (CAIIB). He has a vast experience of over 43 years in the field of Banking and Finance. He retired as Chief General Manager from SBI Chandigarh (LHO) and is currently working as Banking and Management Consultant.

Shri B. B. Chadha, aged about 66 years, has been appointed as additional director of the Company on 21st October, 2003. He is a member of Company's Audit Committee and is a Chairman in HFCL Satellite Communication Ltd. and Platinum EDU Ltd. and director in Jay Yushin Ltd. and Delton Cables Ltd. He is a Chairman in Audit Committee and member in Remuneration Committee of Jay Yushin Ltd. Shri Chadha is a Fellow member of Institute of Cost and Works Accountants (ICWA) of India and member of Institute of Internal Auditors, Florida, USA. He has a vast experience of over 40 years in the field of Finance and other functional areas.

Shri G. S. Gupta, aged about 63 years, has been appointed as additional director of the Company on 29th January, 2004. He is member of Company's Audit, Remuneration and Shareholders'/ Investors' Grievance Committees and is a director in Anita Polyfils (P) Ltd. and Shanti Bua LLC USA. Shri Gupta is a well qualified having different educational/professional qualifications viz. M. Com., Fellow member of Institute of Cost & Works Accountants (ICWA) of India, Associate of the Chartered Institute of Management Accountants, UK, Associate of the Chartered Institute of Secretaries & Administration, UK, Associate of the Institute of Company Secretaries of India, Associate of the British Institute of Management, UK, Associate of the Institute of Internal Auditors, USA, Graduate of the Institution of Industrial Engineering and Diploma holder

in Company Law from Indian Law Institute. He has a vast experience of over 36 years in the field of Finance, Administration, Teaching and other functional areas.

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

ITEM NO. 6

Sh. B. B. Chadha was co-opted as an Additional Director of the Company with effect from 21st October, 2003. Pursuant to Section 260 of the Companies Act, 1956, and the Article of Association of the Company, Sh. B. B. Chadha holds office only upto the date of ensuing Annual General Meeting of the Company. In accordance with the provisions of Section 257, the Board of Directors proposed his appointment as Director liable to retire by rotation.

None of the Directors is concerned or interested in the said resolution except Sh. B.B. Chadha.

ITEM NO. 7

Sh. G. S. Gupta was co-opted as an Additional Director of the Company with effect from 29th January, 2004. Pursuant to Section 260 of the Companies Act, 1956, and the Article of Association of the Company, Sh. G. S. Gupta holds office only upto the date of ensuing Annual General Meeting of the Company. In accordance with the provisions of Section 257, the Board of Directors proposed his appointment as Director liable to retire by rotation.

None of the Directors is concerned or interested in the said resolution except Sh. G.S. Gupta.

ITEM NO. 8

The Company has been sanctioned the term loans from Jammu & Kashmir Bank, Indian Overseas Bank and State Bank of India. The details are as under:

- a) Rupee Term Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced by Jammu & Kashmir Bank to the Company.
- b) Rupee Term Loan of Rs.2300 lac (Rupees Two thousand three hundred lac only) lent and advanced by Indian Overseas Bank to the Company.
- c) Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of India to the Company.
- d) Corporate Loan of Rs. 2000 lac (Rupees Two thousand lac only) lent and advanced by State Bank of India to the Company.

The financial assistance together with interest thereon at the respective agreed rates, interest tax, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to Jammu & Kashmir Bank, Indian Overseas Bank and State Bank of India under Loan Agreements entered into/to be entered into by the Company in respect of the aforesaid loans have to be secured by a joint mortgage of all the immovable and movable properties of the Company, present and future.

**SURYA ROSHNI LIMITED**

Section 293(1)(a) of the Companies Act, 1956, provides 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 Lenders 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 creation of the said mortgage/charge.

Copy of the Loan Agreement(s) executed between the Company and Lenders and copies of the relevant documents /

correspondence between the said Lenders 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 of the Company is in any way, concerned or interested in the resolution.

By Order of the Board

Registered Office :
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507 (Haryana)
Dated : 25th June, 2004

B. B. SINGAL
COMPANY SECRETARY

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SURYA ROSHNI LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

PROFILE

Surya Roshni Limited was incorporated on 17th October, 1973 under the name 'Prakash Tubes Limited'. The present name came into existence vide Registrar of Companies (NCT Delhi and Haryana) letter dated 14.12.1990. The company began its journey in the Steel Tubes Industry. It then diversified into manufacture of Lighting products in 1984. The 1990s saw the company implement major expansion and backward integration programs. This resulted not only in the timely availability of good quality raw material but also proved to be immensely cost effective. The backward integration strategy, apart from making Surya a highly competitive and prominent brand in the market, also made Surya Roshni Limited the only company in the Lighting industry to be fully backward integrated. Today, your company is the leader in Steel Tubes / Pipes market and the second largest Lighting company in India.

Quality has always been the driving force at Surya. Your company succeeded in bench-marking quality and innovation standards by achieving the ISO 9002 in the year 1999. The company was awarded ISO-14001 and OHSAS-18001 certifications related to Environment and Safety respectively. The company continues to be committed towards making quality products, ensuring human as well as environment safety and bringing value addition to the investments of the shareholders. Surya, standing poised towards achieving new heights, is on its way to becoming one of the leading brands globally.

INDUSTRY STRUCTURE AND DEVELOPMENT

During the year under review, the Lighting Industry witnessed a growth in turnover and profit.

However the following would impact the market in the coming years :

- Small Scale Industry in GLS
- Cheap brands of tube lights in the market introduced recently
- The increasing cost of electricity resulting into opting for low wattage items such as CFL/EL by the customers
- Cut-throat competition in the market due to presence of numerous players

The Steel Tubes industry too witnessed growth during the year under review. The future is likely to see only those companies successful, which have their products priced competitively and to sell their products in the international market. All possible efforts are being made by your company to reduce costs without compromising on the quality of the product and increase the export.

SWOT ANALYSIS

Strengths :

- Well focused vision of the Management
- A highly skilled, dedicated and motivated workforce
- State-of-the-art technology
- Complete backward integration
- High quality of products
- People driven organisation with highly innovative Human Resource Planning
- Nation-wide marketing network
- Well defined and strictly implemented internal control system

Weaknesses :

- Low margin of profit on the products
- No concrete strategy to cope with external market forces

Opportunities :

- Potential increase in demand of energy efficient products
- Good potential in exports due to low cost and world standard quality products

- Increase in demand of regular lighting products with a general improvement in the power condition in urban as well as rural sectors
- Potential increase in government spending on infrastructure development and resulting increase in the demand for both lighting products as well as steel pipes

Threats :

- Tough competition from multi-national companies
- Cheap branded/unbranded and spurious products from the unorganised sector
- Duplicacy of branded products by unorganised sectors

SEGMENT-WISE PERFORMANCE :

The company is broadly divided into two main segments viz. Steel and Lighting.

A detailed note on the segment-wise performance is given at point no. 8. under the Notes on Accounts, forming a part of annual accounts of the company.

OUTLOOK

- The Government is giving continuous thrust on housing and infrastructure sector where Steel Tubes are used. The existing refineries are expanding their capacities and new refineries are coming into the scene. In future also there seems to be a tremendous scope for export in Cold Rolling as well as ERW Pipes particularly to USA and other European Countries. The government spending on infrastructure development is also expected to increase the demand of pipes every year. With the cheaper availability of finance and tax incentives, it is expected that housing sector will get a major boost. In view of the same, the long term outlook of Steel Tubes industry remains positive.
- Proposals may be considered for merger/takeover of non-performing/sick units which are available at low cost, but have a potential for being turned into profitable units.

RISKS AND CONCERNS :

Technology obsolescence is an inherent business risk in a fast changing world and speed of change and adaptability is crucial for survival of business. At SURYA, the continuing modernisation process has enabled the company to do away with obsolescent plants/processes and to emerge as one of the most modern plants in the lighting industry throughout the world.

Further aggressive cost cutting, addition to the product mix to incorporate more value-added products and with the present strengths of the company, the management feels that it can now compete effectively both in terms of quality and price with similar products imported from various countries. With the assistance of world-renowned consultants, the company has made good progress towards its objective of becoming the world leader in lighting products. Intense competition in the Lighting industry, the company is adding a new product range. Moreover, stress is being laid on boosting exports as well as institutional demands. At the same time, labour, time and money is also being geared towards making the various plant premises more and more eco friendly.

The Steel Tubes industry has also been witnessing a fast changing environment. The quality parameters of pipes used in the oil sector are becoming more stringent each day. Moreover, any failure of pipes after the supply to customers in the oil and gas sector attracts heavy penalties. The company is taking utmost care to ensure very high quality of products. During the year under review, the company took major steps towards upgradation of technology in order to ensure compliance of the quality norms.



SURYA ROSHNI LIMITED

Further a shift in the policy of the Government of India regarding :

- import duty on Steel, Zinc etc.,
- DEPB on HR Coil, Steel Pipe and CR Strips,
- Incremental Benefit scheme for Status Holders

Could adversely affect business of Steel Division.

INTERNAL CONTROL SYSTEM :

Surya has a proper and adequate system of internal control to ensure that all the assets are safe-guarded and protected against loss due to unauthorised use and that all the transactions are duly authorised, recorded and reported correctly. There is an Internal Audit department fully committed towards ensuring due compliance and propriety at all levels in the organisation by conducting audits at regular intervals. The department reports directly to the Audit Committee which in turn reports its observations to the Board of Directors.

The E.R.P. (Enterprise Resource Planning) System, ensures transparency and provides meaningful and systematic information to the management at various levels. It has been designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of the assets.

The company's Internal Control System sets forth the management's commitment to conduct business with highest ethical standards and in conformity with laws of the land. The said system further requires that the documents supporting all transactions clearly describe their true nature and that all transactions be properly reported and classified in the records.

FINANCIAL PERFORMANCE :

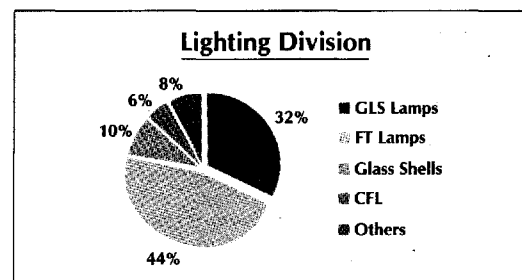
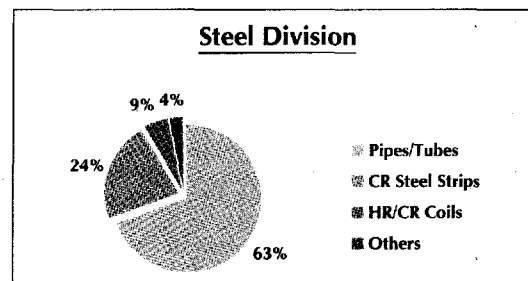
Your company was able to maintain itself as a leader in the Steel Tubes industry and as a strong contender in the Lighting industry. Given under are the financials of the company for the current as well as the previous year :

(Rs. in crores)

Particulars	2003-2004	2002-2003
Profit for the year	40.54	39.29
Less : Depreciation	25.97	27.18
Profit before tax	14.57	12.11
Provision for tax	2.58	2.35
Net Profit after tax	11.99	9.76
Balance brought forward from the previous year	51.73	50.24
Profit available for appropriations	63.72	60.00
Capital Redemption Reserve	0.50	0.50
Proposed Equity Dividend	3.05	2.54
Proposed Preference Dividend	0.02	0.16
Less : Tax on Distributed Profits	0.39	0.35
Transferred to General Reserve	1.00	1.00
MAT credit utilised	1.87	1.97
Deferred Tax revision	(1.11)	1.75
Balance carried to Balance Sheet	58.00	51.73

OPERATIONAL PERFORMANCE :

During the year under review, the revenue distribution of various products of the two divisions was as under :



HUMAN RESOURCE AND INDUSTRIAL RELATIONS :

Industrial relations during the year under review were cordial and peaceful. The management wishes to place on record, the excellent cooperation and contribution made by the employees, collectively called "SURYA PARIVAR", at all levels of the organisation to the continued growth of the company. There was constant focus on all round organizational development. Various training programs including visionary exercises were conducted for personal as well as professional development of the employees.

Relationship has been very cordial with the worker's union for the past several years. During the month of December 2001 the management executed wage agreement with the union, which shall be applicable till 31st December, 2004.

SAFETY MEASURES TAKEN :

There were various activities carried out in the company in order to create and enhance the safety awareness among the workers and the employees. At the Kashipur Unit of Lighting Division, various measures taken included observation of Fire Service Week (14.04.03 and 20.04.03), Electrical Safety Week (01.05.03 to 07.05.03), Environment Day (05.06.03) and National Safety Week (04.03.04 to 10.03.04) apart from regular meetings of the Central Safety Committee, training programs, safety inspections and onsite Emergency Rehearsals and received National Safety Awards on 17th September, 2003 for the year 2001 and 2002.

CAUTIONARY STATEMENT :

Statements in this Management Discussion and Analysis describing the company's objectives and projections may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.



SURYA ROSHNI LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report on the operations of your Company, together with audited accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

(Rs. in crores)

Particulars	2003-2004	2002-2003
Profit for the year	40.54	39.29
Less : Depreciation	25.97	27.18
Profit before tax	14.57	12.11
Provision for tax	2.58	2.35
Net Profit after tax	11.99	9.76
Balance brought forward from the previous year	51.73	50.24
Profit available for appropriations	63.72	60.00
Capital Redemption Reserve	0.50	0.50
Proposed Equity Dividend	3.05	2.54
Proposed Preference Dividend	0.02	0.16
Less : Tax on Distributed Profits	0.39	0.35
Transferred to General Reserve	1.00	1.00
MAT credit utilised	1.87	1.97
Deferred Tax revision	(1.11)	1.75
Balance carried to Balance Sheet	58.00	51.73

2. DIVIDEND

Your Directors are pleased to recommend the payment of dividend @ Rs. 1.20 per share on the paid up equity share capital of Rs.25.40 crores. The dividend on Equity Shares, if approved at the Meeting, will be payable to those shareholders whose names appear on the company's register of members on 13th September, 2004. In respect of shares held in dematerialised form, the dividend shall be payable on the basis of beneficial ownership as at the end of 7th September, 2004, as per the details furnished by National Securities Depository Ltd./ Central Depository Services (India) Ltd. for the purpose, as on that date.

Your Directors also recommend the payment of pro rata dividend @ 14 % p.a. on 3,00,000 Redeemable Cumulative Preference Shares for the financial year 2003-04.

The dividend (including dividend tax) will absorb Rs.3,46,11,949/-

3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to Rs.943.71 crores from Rs.864.61 crores last year, registering an increase of 9.15%. However the gross profit increased to Rs.40.54 crores from Rs.39.29 crores last year, a rise of 3.18%. The Company successfully demonstrated its ability to meet the Global Quality Challenge. The export turnover during the year under review increased to Rs.79.51 crores as against Rs. 41.76 crores in previous year registering an increase of 90.4%. The export turnover is likely to further increase during the coming year. The performance of the various divisions and the subsidiaries of your Company is given below:

STEEL DIVISION

During the year under review, the turnover of the division increased to Rs.598.85 crores as compared to Rs. 541 crores last year, an increase of 10.7%. This has been done on account of Export and Cold Rolling have achieved a record growth of 107% and 16% respectively. In the year under review the Company has also started export of CR Coils and had successfully executed stringent ASTM orders to USA. The division has been able to maintain its leadership in the Steel Tubes' market. The initiatives taken to establish the product in global market have also started to show results. The product is now well established in some countries with orders flowing on a regular basis.

LIGHTING DIVISION

The year under review 2003-04 saw a general recovery in industrial output. The Division of Company experienced a phenomenal

growth in volumes of its' main products - GLS and FTL. During the year under review, the turnover of the division increased to Rs.344.86 crores as compared to Rs. 323.47 crores last year, an increase of 6.6%. The turnover may even be higher if we had some additional capacity. Strategies are being continuously developed to give greater thrust to the exports.

SUBSIDIARIES

The operation of, **Surya Roshni Inc.**, a wholly owned subsidiary of the company in USA, remain under pressure throughout the year. The subsidiary witnessed a decline in its turnover to US\$ 0.96 million as compared to US\$ 1.29 million during the previous year. Margins were even lower on this reduced sale. There was a net loss of US\$2,51,936 as compared to previous year profit of US\$9,984.

Surya Roshni (HK) Limited, a wholly owned subsidiary of the company in Hong Kong, deregistered on 22nd July, 2003. The company was formed in the year 2000 by an investment of HK\$ 1,00,000 (Rs.5,98,429/-) and remain inactive. Since there is no operation, the management thought it fit to wind up this Company.

4. FUTURE PROSPECTS

STEEL DIVISION

The government is giving continuous thrust on development of infrastructure & housing. Hence, the domestic market is expected to grow at a faster pace. Continuous efforts are being made to reach unexplored markets and to increase the customer base. There seems to be a tremendous scope for export of CR as well as ERW Steel Pipes particularly to USA and other European Countries. The Company had expanded its product range from API X-46 to X-60 / X-70 in LDP Pipes. In the current year, major orders are expected in these grades from Oil companies.

LIGHTING DIVISION

In view of gradual increase in demand of Lighting products and this trend of rising demand is expected to accelerate in the coming years, there is an urgent need to expand our capacities for both GLS and FTL as both product lines are operating almost at full capacity utilization. The Company is therefore planning to install Palma GLS manufacturing line having a capacity of producing 23.5 million GLS per annum and Fluorescent Lamp production line having a capacity of producing 7.00 million FTL per annum.

Well defined strategies are being implemented in order to boost the demand for your company's products. As a result of the sincere initiatives being taken at all levels, the turnover and profitability of your company during the current year are likely to reflect a considerable growth as compared to those of the year under review.

5. 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, 260 deposit holders, whose deposits, aggregating to Rs.54.50 lacs, had become due for payment, did not claim or renew their deposits. Since then, deposits aggregating to Rs.28.35 lacs have either been claimed or renewed. The principal amount and interest were duly paid for all other deposits, which matured during the year.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Details of energy conservation and research and development activities undertaken by the Company alongwith information in accordance with provision of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as Annexure to the Directors' Report.

7. PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

There were no employees drawing remuneration more than the limit prescribed under Section 217(2A) of The Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis

9. DIRECTORS

Your Directors inducted Sh. B.B. Chadha and Sh. G.S. Gupta as additional directors of the company. Their appointment requires the approval of the members at the ensuing Annual General Meeting.

Also, Shri P. C. Gupta and Shri S. N. Arya have resigned from the Board with effect from November 5, 2003 and January 19, 2004 respectively. Your directors place on record the high sense of

appreciation for the wise counsel and valuable services rendered by them during their tenure on the Board.

As per Article 101 of the Articles of Association of the Company, Shri Rajendra Arya and Shri K.K. Narula, retire by rotation and, being eligible, offer themselves for reappointment.

10. AUDITORS

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

11. ACKNOWLEDGEMENT

Your Directors wish to place on record, their appreciation for 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 for 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 : 25th June, 2004

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2004.

I. CONSERVATION OF ENERGY**a) Energy conservation measures taken :****At Steel Division, Bahadurgarh :**

- Size of the DC / AC motors installed in the Company has been reviewed to make them as per required specification.
- Continuous awareness program has been under taken for reducing the pumping of water circulation and for reducing the water consumption.
- Additional capacitor banks installed to improve power factor to reduce time losses.

At Malanpur Unit of Lighting Division :

- Replacement of centrifugal fan in furnace tank.
- Saving in electricity unit in Heat Tracer by shifting to F.O.
- Reduction in power consumption in Lighting Division by shifting from high wattage mercury lamp to low wattage lamp.
- Reduced speed of blowing air blower as per set point in chiller (Ribbon machine) as well as in 2 TL Shell Recovery chain.
- Heat recovery of fuel gas in chimney of glass plant furnace & its utilization in F.O.
- Enhancement in Air compressor capacity in services.
- Conversion from HSD to FO in thermic fluid heater in FTL plant.
- AC drive installed on secondary air blower in furnace in glass plant.

At Kashipur Unit of Lighting Division :

- Exhaust Machines heating ovens insulation improved.
- TLD coating Machine tube coating hood modified for continuous tube coating.
- AC drives provided for energy conservation.
- Reduced the supply voltage band from sub station, previous (395 V-425V) to (385V-415V).
- Replacement of higher H.P. motors by lower H.P. motors after reviewing the capacity/H.P. of motors.
- Introduced power capacitors to maintain power factor of load center and reduction of losses.
- Thai chain exhaust Machine power consumption reduced by redesigning of heating elements of oven.
- Reduced HT transformer losses by controlling the voltage and by load sharing.

b) Additional investment and proposals being implemented for reduction of consumption of energy :**At Malanpur Unit of Lighting Division :**

- Energy Meter 3 phase, 4 wire make SEMS (for GP Compressor).
- Compressed Air Flow Meter, Vortex Flow Meter, Make - Forbes Marshal Model 5095.
- High Pressure Blower for conversion of compared Air to Blower Air in Cap, Vitrite Section.
- Installation of Recuperator in Cap Furnance-2.
- To replace the pneumatic vibrator of Cap Pinning No.1 with Electric Vibrator.
- To install the heater inside the FO storage Tank No.2 for uniform heating.
- Conversion of HSD to FO in thermic fluid heater (FTL).
- Heating of DM water in FTL washing area through solar heating system instead of thermic fluid heater.
- Conversion of vapour compression chiller to vapour absorption chiller.

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

- The various measure taken resulted in substantial savings in consumption of energy and consequent savings in the cost of production of goods.
- In this financial year 2003-2004, the Malanpur unit of the Company is awarded as "Energy Efficient Unit" by CII in National Competition for Excellent in Energy Management 2003. This is due to our continuous efforts in the direction of Energy Conservation measures and its effective control.