



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 & CFO
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Lighting Division

B. B. Pradhan	President
Chatur Singh	Chief General Manager Kashipur Unit

Steel Division

Arvind Bansal	Vice-President
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COMPANY SECRETARY

B. B. Singal

STATUTORY AUDITORS

Sastry K. Anandam & Company Chartered Accountants
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COST AUDITORS

R. J. Goel & Co.	Lighting Division
H. R. Singal	Steel Division

BANKERS

State Bank of India
Punjab National Bank
State Bank of Patiala

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 (Uttarakhand)
E-mail:slrks@nda.vsnl.net.in
J - 7, 8 & 9, Malanpur Industrial Area Malanpur, District Bhind (Madhya Pradesh)
E-mail : srlmlpr@sancharnet.in

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SURYA ROSHNI LIMITED

NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the members of **SURYA ROSHNI LIMITED** will be held on Friday, the 28th September, 2007 at 10.30 A.M., at the Registered Office of the Company at Prakash Nagar, Sankhol, Bahadurgarh 124 507 (Haryana) to transact the following business:

ORDINARY BUSINESS

- To consider and adopt the Audited Accounts of the Company and the Reports of Directors and Auditors thereon for the year ended 31st March, 2007.
- To declare dividend.
- To appoint a Director in place of Shri G. S. Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a Director in place of Smt. Urmil Agarwal, who retires by rotation and, being eligible, offers herself for re-appointment.
- To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 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 Ltd. (IDBI Ltd.) acting for itself and as agent of Banks/Financial Institutions to secure:

- Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of Patiala (SBOP) to the Company.
- Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of India (SBI) to the Company.
- Corporate Loan of Rs.2500 lac (Rupees Two thousand five hundred lac only) lent and advanced by Industrial Development Bank of India Ltd. (IDBI) to the Company.
- Corporate Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced by Punjab National Bank (PNB) to the Company.
- Corporate Loan of Rs.2500 lac (Rupees Two thousand five hundred lac only) lent and advanced by State Bank of India (SBI) to the Company.
- Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of Travancore (SBT) to the Company.
- Corporate Loan of Rs.3500 lac (Rupees Three thousand five hundred lac only) lent and advanced by Industrial Development Bank of India Ltd. (IDBI) to the Company.
- The Working Capital Limits of Rs.24500 lac, secured on Second Charge basis, lent and advanced/agreed to be lent and advanced by State Bank of India, Punjab National Bank and State Bank of Patiala to the Company. The details are as under:-

S. No.	Consortium Banks	(Rs. In Lac)
1.	State Bank of India	12,510
2.	Punjab National Bank	10,490
3.	State Bank of Patiala	1,500
	Total	24,500

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 IDBI Ltd., State Bank of India, State Bank of Patiala, State Bank of Travancore and Punjab National Bank 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."

- To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution : Resolved that in accordance with the provision of section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to hold and continue to hold the place of profit by Shri Vinay Surya w.e.f 1st October, 2006 on a revised total monthly remuneration of Rs.48,800/-.

By Order of the Board

Registered Office :

Prakash Nagar, Sankhol,
Bahadurgarh - 124 507 (Haryana)
Dated : 29th June, 2007

B. B. SINGAL
COMPANY SECRETARY

NOTES

- 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 26th September, 2007.

- Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item nos. 6 and 7 are annexed hereto.
- The Register of Members and Share Transfer books of the Company will remain closed from 13.09.2007 to 18.09.2007 (both days inclusive).
- 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.
- 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.

Members who have not encashed their dividend warrant so far for the financial year ended 31st March, 2001, or any subsequent financial year(s) are requested to address their claim to The

SURYA ROSHNI LIMITED



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 G. S. Gupta, aged about 66 years, has been a director of the Company since January, 2004. He is member of Company's Directors, Audit and Remuneration 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 39 years in the field of Finance, Administration, Teaching and other functional areas.

Smt. Urmil Agarwal, aged about 54 years, has been closely associated with the business of the company and has been assisting her husband Sh. J. P. Agarwal (Vice Chairman & Joint Managing Director) for the past 29 years. She hold one directorship in other company.

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

ITEM NO. 6

The Company has been sanctioned the Corporate loans from IDBI Ltd., State Bank of India, State Bank of Patiala, State Bank of Travancore, Punjab National Bank and working capital limits from consortium Banks i.e. State Bank of India, Punjab National Bank and State Bank of Patiala for its Steel and Lighting Divisions. The details are as under:

- Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of Patiala (SBOP) to the Company.
- Corporate Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by State Bank of India (SBI) to the Company.
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by State Bank of India, Punjab National Bank and State Bank of Patiala to the Company.

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3.	State Bank of Patiala	1,500
	Total	24,500

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 IDBI Ltd., State Bank of India, State Bank of Patiala, State Bank of Travancore and Punjab National Bank 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.

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.

ITEM NO. 7

Shri Vinay Surya is an existing employee of the Company and he is relative of Directors of the Company in accordance with schedule 1A of the Companies act 1956 . According to Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or place of Profit) Rules, 2003 inter alia, provides that no relative of a Director shall hold any office or place of profit in the Company which carries a total monthly remuneration of not less than Rs. 10,000/- except with the prior consent of the Company by a special resolution. Sh. Vinay Surya is an employee of the Company on a monthly remuneration of Rs . 42,700/- and increment has been given to Sh. Vinay Surya w.e.f 1st October, 2006 by increasing the total monthly remuneration to Rs. 48,800/- p.m. According to the above said provisions it requires approval from members of the company . Hence the resolution is put up for your consideration

None of the Directors except Shri B D Agarwal, Shri J.P.Agarwal and Smt. Urmil Agarwal are interested in this resolution.

By Order of the Board

Registered Office :

Prakash Nagar, Sankhol,
Bahadurgarh - 124 507 (Haryana)
Dated : 29th June, 2007

B. B. SINGAL
COMPANY SECRETARY



SURYA ROSHNI LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

PROFILE

SURYA ROSHNI LIMITED is a leading manufacturing company in lighting and Steel Tubes Industry. It is a remarkable achievement for the company which began its life from a Steel Tubes Division 34 years back. By constantly focusing on higher goals it diversified into manufacturing of Lighting products in 1984. It implemented a major expansion and backward integration programme in 1990s, which resulted into timely availability of good quality of material at cost effective prices. By adopting cost effect relationship and no compromise with quality Company becomes the leader in Steel Tubes/ Pipes market and the Second Largest lighting Company in India.

In today's global economy quality indicates the parameter of company's success. Your company's success both domestic and globally is due to adoption of higher level of quality controls which now becomes the driving force of our success. 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 OHAS-18001 certifications related to environment and safety respectively.

Your company continues to be committed towards making quality products and at the same time ensuring human as well as environment safety and thus enhance value addition to the investors and to the society as a whole. No doubt, SURYA standing poised towards achieving new heights, is on it's way to becoming one of the leading brand globally.

INDUSTRY STRUCTURE AND DEVELOPMENT

Company experienced a cutthroat competition from other established market players and unorganized sectors, but still lighting division is witnessing steady growth in turnover and profit. The following may impact the market in the coming years :

- Small Scale Industry in GLS and FTL
- Shift from traditional to innovative lamps and systems

The management is keeping constant watch on these points to overcome from them.

- The increasing cost of electricity resulting into opting for use of energy saving lamps.

Keeping in view the growing demands of Energy Saving Lamps and various Governments drive in this direction, management have made itself ready to cater the growing demand in Indian as well as Global markets. One Chain of CFL capable to manufacture lamps of all varieties ranging from 5W to 23W was installed successfully during the year under review. Further 2 more CFL Chains, one for 15W and one for Spiral CFL Lamps are to be installed and apart from this, company is going to import one more Automatic Chain for production of CFL during the current year.

The Steel Tubes industry too witnessed growth during the year under review and the market growing steadily due to the boom in infrastructure sector. There is tremendous scope for export of CR as well as ERW Steel Pipes particularly to U.S.A. The company had expanded its product range from API X - 46 to X-60 / X-70 in LDP Pipes. 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
- Complete backward integration
- High quality of products
- Nation-wide marketing network

Weaknesses :

- Diminishing margin of profit on the products
- Uncertainties of external market forces

Opportunities :

- Potential increase in demand of energy efficient products
- Untapped potential in outsourcing and marketing of Luminaries
- Increase in demand of regular lighting products with a general improvement in the power condition in urban as well as rural sectors and increase in spending on infrastructure development

Threats :

- Tough competition from multi-national companies
- Unbranded products from the unorganised sector

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 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 and Lighting products 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 easy 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 the Company remains positive.
- During the year the Company has amended its Object Clause of the Memorandum of Association by inserting an object of Real Estate Business as its main objects. By entering into the Real Estate Business, company will diversify its range of activities and tap all resources which will enhance Company's growth and profitability. Through the well focused vision of the management, company will able to produce land mark results in future in this segment.

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. Government energy policy and development of new superior products may render some of its existing production facilities obsolescent. At SURYA, the continuing modernization, aggressive cost cutting and adaptability of new technology are always main strengths and 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. Its strength enable the Company to face future risk and convert them into opportunities.

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.



SURYA ROSHNI LIMITED

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.

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

- Import duty on Steel, Zinc etc.,
 - DEPB on HR Coil, Steel Pipe, CR Strips, FTL and GLS,
 - Incremental benefit scheme for Status Holders,
- could adversely affect business of the Company.

INTERNAL CONTROL SYSTEM :

Your Company remains committed to maintaining internal controls designed to provide adequate assurance on the efficiency of operations and security of its assets. The accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of internal controls across the various business, as well as compliance with laid down systems and policies are regularly monitored by your Company's internal audit process both at divisional and corporate level. The major IT enabled business applications are periodically validated for their integrity, control and quality of functionality by the trained internal audit team. The Audit Committee of Board, which met four times during the year, reviews internal control systems as well as financial disclosures.

FINANCIAL AND OPERATIONAL PERFORMANCE :

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

(Rs. in crores)

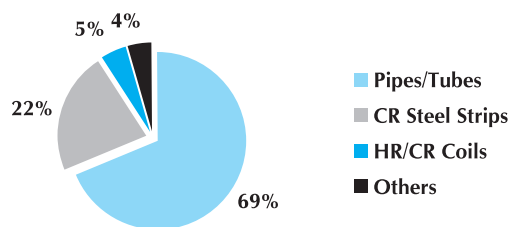
Particulars	2006-2007	2005-2006
Profit for the year	49.47	56.18
Less : Depreciation	26.52	27.47
Profit before tax	22.94	28.71
Provision for tax	8.13	10.02
Net Profit after tax	14.81	18.69
Balance brought forward from the previous year	81.38	67.90
Profit available for appropriations	96.19	86.59
Proposed Equity Dividend	3.90	3.90
Tax on Distributed Profits	0.66	0.55
Transferred to General Reserve	1.00	1.00
Deferred Tax revision	0.47	(0.23)
Balance carried to Balance Sheet	90.16	81.37

During the year the turnover of the Company increased to Rs.1302.64 crores from Rs.1218.57 crores last year, registering an increase of 6.90%. However the gross profit is Rs. 49.47 crores as compared to Rs.56.18 crores last year.

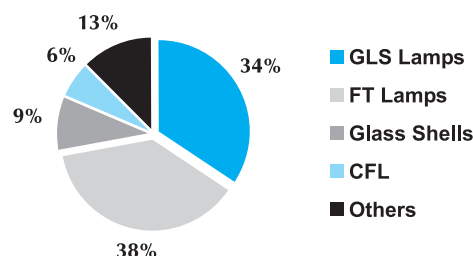
During the year Company started manufacturing Energy Saving Lamp. One Chain of CFL capable to manufacture lamps of all varieties ranging from 5W to 23W was installed successfully during the year with an annual capacity of 12 Million Pieces and PCB Chain with approx. 6 Million Pieces was also commissioned. Company has also started using Natural Gas as Fuel replacing existing Fossil fuel, which is not only cheaper but also being environment friendly and thus improve the quality & efficiency of machine and products.

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

Steel Division



Lighting Division



INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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. Further various other activities like annual sports, festival celebrations take place every year to get in touch with them and their families.

Relationship has been very cordial with the worker's union for the past several years. During the month of December 2004 the management executed wage agreement with the union, which shall be applicable till 31st December, 2007.

The Company's industrial relations continued to be harmonious during the year under review. The number of persons directly employed by the Company was 3528 as on 31st March, 2007.

CAUTIONARY STATEMENT :

Statements in this report on Management's Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. 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 global and domestic demand-supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw-materials cost and availability, changes in Government regulations, tax regimes, economic developments and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



SURYA ROSHNI LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty Fourth Annual Report on the operations of your Company, together with audited accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

(Rs. in crores)		
Particulars	2006-2007	2005-2006
Profit for the year	49.47	56.18
Less : Depreciation	26.52	27.47
Profit before tax	22.94	28.71
Provision for tax	8.13	10.02
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Balance brought forward from the previous year	81.38	67.90
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Proposed Equity Dividend	3.90	3.90
Tax on Distributed Profits	0.66	0.55
Transferred to General Reserve	1.00	1.00
Deferred Tax revision	0.47	(0.23)
Balance carried to Balance Sheet	90.16	81.37

2. DIVIDEND

Your Directors are pleased to recommend the payment of dividend @ Rs.1.50 per share on the paid up equity share capital of Rs. 26.00 crores. The dividend on Equity Shares, if approved at the Annual General Meeting, will be payable to those shareholders whose names appear on the company's register of members on 18th September, 2007. In respect of shares held in dematerialised form, the dividend shall be payable on the basis of beneficial ownership as at the end of 12th September, 2007, as per the details furnished by National Securities Depository Ltd./ Central Depository Services (India) Ltd. for the purpose, as on that date.

3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to Rs.1302.64 crores from Rs.1218.57 crores last year, registering an increase of 6.90 %. However the gross profit is Rs. 49.47 crores as compared to Rs.56.18 crores last year. The export turnover during the year under review is Rs.147.57 crores as against Rs. 99.27 crores in previous year, registering an increase of 48.66%. The performance of various divisions and the subsidiary of your Company is given below:

STEEL DIVISION

During the year under review, the turnover of the division is Rs.893.43 crores as compared to Rs.829.21 crores in the last financial year, registering an increase of 7.74%. The export turnover of the division is Rs.128.66 crores in comparison to Rs.70.44 crores in the last financial year, an increase of 82.65%. The initiative taken to establish the product in global market have also started to show result. The Export turnover is likely to further increase during the coming year.

LIGHTING DIVISION

Despite competition from other established market players and unorganised sectors, the Division has witnessed a steady growth in turnover. During the year under review, the turnover of the division increased to Rs. 409.21 crores as compared to Rs. 389.36 crores last year, an increase of 5.10%. The export turnover during the year under review is Rs. 18.91 crores as against Rs. 28.83 crores in previous year. Strategies are being continuously developed to give greater thrust to the exports.

During the year Company started manufacturing Energy Saving Lamp. One Chain of CFL capable to manufacture lamps of all varieties ranging from 5W to 23W was installed successfully during the year

with an annual capacity of 12 Million Pieces and PCB Chain with approx. 6 Million Pieces was also commissioned. Company has also started using Natural Gas as Fuel replacing existing Fossil fuel, which is not only cheaper but also being environment friendly and thus improve the quality & efficiency of machine and products.

REAL ESTATE

During the year the Company has amended its Object Clause of the Memorandum of Association by inserting an object of Real Estate Business as its main objects. By entering into the Real Estate Business, company will diversify its range of activities and tap all resources which will enhance Company's growth and profitability. Through the well focused vision of the management, company will be able to produce land mark results in future in this segment.

SUBSIDIARY

Surya Roshni Inc., the only wholly owned subsidiary of the company in USA. The sales during the year are Nil as compared to US\$ 18,774 in the previous year. There was a net loss of US\$ 196,631 as compared to previous year's loss of US\$ 167,822. Efforts are being made to improve the performance.

4. FUTURE PROSPECTS

STEEL DIVISION

In view of thrust of the Government of India on Water, Infrastructure and Export sectors, there is tremendous scope for growth in the Steel Pipe and Cold Rolled Industry. In large Dia Pipe the company has widened its product range as per the requirement of the market. More demand is expected from various Oil and Gas companies for LDP pipes of API standards. In future also there seems to be a tremendous scope for export of CR as well as ERW Steel Pipes particularly to U.S.A. The company had expanded its product range from API X - 46 to X-60 / X-70 in LDP Pipes. In the next financial year major requirements are expected in these grades from oil companies.

LIGHTING DIVISION

With a general improvement in the power condition in urban as well as rural sectors and increase in spending on infrastructure development in the coming years, there is always an increase in demand of regular lighting products. Well defined strategies are being implemented in order to cater the gradual increase in demand of lighting products and enhance the product share in market and to boost the demand for your Company's products. Keeping in view the growing demands of Energy Saving Lamps and various Governments drive in this direction, we have made ourselves ready to cater the growing demand in Indian as well as Global markets. One Chain of CFL capable to manufacture lamps of all varieties ranging from 5W to 23W was installed successfully during the year under review. Further 2 more CFL Chains, one for 15W and one for Spiral CFL Lamps are to be installed and apart from this, company is going to import one more Automatic Chain for production of CFL during the current year. Through whole hearted efforts and better commitment 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, 95 deposit holders, whose deposits, aggregating to Rs.25.35 lacs, had become due for payment, did not claim or renew their deposits. Since then, deposits aggregating to Rs. 15.01 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

SURYA ROSHNI LIMITED



Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as Annexure 'A' to the Directors' Report.

7. 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 given as Annexure 'B' to the Directors' Report.

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

As per Article 101 of the Articles of Association of the Company, Shri G. S. Gupta and Smt. Urmil Agarwal, 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 accounts.

11. COMPLIANCE CERTIFICATE

As per Revised Clause 49 of the Listing Agreement with the Stock Exchanges, the compliance certificate from Chairman and Managing Director and CFO is given as Annexure 'C' to the Directors' Report.

12. 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 : 29th June, 2007

ANNEXURE 'A' 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, 2007.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

At Steel Division, Bahadurgarh :

- Installed the 3MW Gas based power plant Wartsila, France make by replacing Diesel Generator Sets to reduce the power cost.
- Commissioned one Solid State High Frequency Welder on Pipe Mill No. 2 for higher efficiency and better welding quality in replacement of old technology based high frequency oscillator tube type welder.
- Commissioned a Gallium make High Speed Pipe Mill in replacement of Two Low Speed Pipe Mills which save the energy cost.
- Intensive efforts has been taken for increasing the loading of the generators so that unit per SCM could be increased.

At Malanpur Unit of Lighting Division :

- Use of Natural Gas as replacement of F.O / Propane.
- Natural Gas as source of Power and to replace HSD in Thermopac (WHRU).
- Introduction of Ten Fold & Five Fold Vacuum Pump on FTL- III Chains at Exhaust M/c. (Reduction in Electrical Energy and Vacuum Oil consumption, EASY Maintenance etc.)
- Introduction of Natural Gas Burner in place of Electrical Heater for drying of Washed Shells in GLS (Coating section).
- Replacement of Life test Electrical Exhaust Fans with Wind Ventilator.
- Managed Electricity consumption during testing of FTL upto 1000 Hours and 2000 Hours and GLS upto 345 Hours.
- Automation of Reject Conveyor of 14" & 20" Tube line (Danner).
- Maintaining Load factor of MPEB power above 60%.
- Modification in the LP Air Pipe line resulted pressure reduction from 10-11 PSI to 8 PSI in FTL-III.

At Kashipur Unit of Lighting Division :

- Monitoring the HP air pressure on TL 5th chain for pressure variation from compressor room. 400 cfm compressor started in place of two nos. of 200 cfm compressors.
- 50 H.P Twin lobe compressor stopped in compressor room as TL plant was stopped in night shift and reduced the unit consumption.
- Installed a temperature indicator for display the cooling water temperature. In addition, reduced the unit consumption by stopping the cooling tower fan motor accordingly.
- Introduced power capacitors in L.T room to improve the power factor and reduced the units consumption.
- Introduced power capacitors at major load centers in plants to improve the power factor and reduced the units consumption.
- An arrangement was made to run the TL 5th sealing m/c with out compressed air for maintenance purpose on every Sunday to save the compressor running cost for the same.
- Installed temperature controlling system through thyresters in place of contactors on TL 5th Ex. M/C oven to reduced the units consumption.
- Cellulose Fills system installed in place of existing conventional air washer in NTL, TLD and HID Air cooling plants to increase the efficiency and replacement of 15 H.P. water pumps with 2 H.P. water pumps for energy conservation.



SURYA ROSHNI LIMITED

b) Additional investment and proposals being implemented for reduction of consumption of energy :

Efforts are going on for replacing the existing Diesel Generators by Gas Base Generators in order to increase more use of Gas.

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

Using Gas based Generator Set for power generation will reduce the downtime which frequently took place in case of purchasing power from Electricity Boards. The above measures resulted in substantial saving in the consumption of energy and consequent saving in the cost of production of goods.

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	
		2006-2007	2005-2006	2006-2007	2005-2006
A) Power & Fuel Consumption					
1. Electricity					
a) Purchased					
Units (in thousands)		10665.77	12349.64	16051.15	22424.27
Total Amount (Rs. in lacs)		438.73	492.75	586.09	751.72
Rate / Unit (Rs.)		4.11	3.99	3.65	3.35
b) Own Generation					
Through Diesel Generator					
Units (in thousands)		1809.03	2804.35	4916.04	5083.93
Unit per Ltr. Of HSD		3.09	3.08	3.42	3.45
Cost / Unit (Rs.)		10.14	9.41	8.40	7.38
c) Own Generation by					
Natural Gas Generator Set					
Units (in thousands)		10989.04	8479.53	6090.20	Not used
Unit per SCM		2.82	2.67	3.45	Not used
Cost / Unit (Rs.)		3.07	2.69	3.25	Not used
2. Furnace Oil/LDO					
Qty. (K.Ltrs.)		22.94	235.65	5330.36	9086.50
Total amount (Rs. in lacs)		4.89	43.84	1204.01	1630.95
Avg. Rate (Rs.)		21.33	18.60	22.59	17.95
3. RLNG (Natural Gas)					
Qty. SCM3 (in thousands)		4051.81	4017.14	6342.23	Not used
Total amount (Rs. in lacs)		312.78	288.95	604.21	Not used
Rate / SCM (Rs.)		7.72	7.19	9.53	Not used
4. L.P.G.					
Qty. (Tonnes)		Not used	Not used	2289.95	2165.31
Total amount (Rs. in lacs)		Not used	Not used	739.46	653.57
Rate / KG (Rs.)		Not used	Not used	32.29	30.18
5. Diesel					
(LDO Used in C.R. Mill)					
Qty. (K.Ltrs.)		Not used	11.89	496.38	707.01
Total amount (Rs. in lacs)		Not used	2.21	142.23	178.07
Rate / Ltr. (Rs.)		Not used	18.60	28.65	25.19
6. Propane					
Qty. (Tonnes)		Not used	Not used	860.37	2416.86
Total amount (Rs. in lacs)		Not used	Not used	254.81	785.03
Rate / KG (Rs.)		Not used	Not used	29.62	32.48
B) Consumption per unit production					
Product	Unit	Steel Tubes / Pipes / C.R.Strips (Per M.T.)		Glass Item (Per M.T.)	
Electricity	Units	114.12	111.88	131.20	134.51
Furnace Oil/HSD/LDO/RFO*	Ltrs.	0.30	2.64	168.86	181.75
HSD/LDO (In CR Mill)	Ltrs.	Not used	0.22	Not used	Not used
Propane / LPG	Kg.	Not used	Not used	59.87	57.49
Natural Gas Consumption (In GI Mill)	SCM3	26.77	26.69	Not used	Not used
Natural Gas Consumption (In CR Mill)	SCM3	36.96	31.84	Not used	Not used

* Maximum Natural Gas used in Steel Division instead of F.O./LDO/HSD in GI & CR

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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 :

During the year under review , no R & D carried out.

b) Benefits derived as a result of above R&D : Not Applicable

c) Future Plan of action :

If required, Research and Development activities shall be carried out in future to achieve greater efficiency in production techniques.

d) Expenditure on R&D : No capital as well as recurring expenditure made on R & D.

2. Technology absorption, adaptation & innovation :

a) Efforts, in brief, made towards technology absorption, adaptation & innovation :

Major initiatives are being taken to upgrade the various processes by making use of latest and better techniques. Production of BEE certified FTL Tube and started production of CFL lamp and PCB is the one step in this direction. In Glass Plant of Kashipur Unit, new side conveyor on M/C. No 23 has been introduced between accept conveyor and infeed conveyor. Further in Lead Glass Plant runway cooling blower of 12.5 H.P. was replaced with 2.0 H.P. blower and two new exhaust tube cutting board was installed which helped us to fulfill the exports requirement of cut exhaust tubes. In TL 3rd Chain, Ageing m/c. has been replaced with in-house built m/c. Necessary modifications are also made in FTL 5th Chain and FTL plant. Efforts are being made to make the maximum use of the available infrastructure, at the same time innovating new techniques to bring about efficiency as well as economy in different areas. Employees are given appropriate training of and on the job, to enable them to achieve the planned performance.

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

There were various benefits derived as a result of the efforts listed above. Till date, we were outsourcing CFLs., now by generating production capacity, its not only be cost effective, but quality of the product we supply in the market will improve. Through all these efforts benefits derived are better utilization of the available resources, product improvement and development, cost reduction, better overall efficiency on one side and clean environment and safety of employees on the other.

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

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 :

Major initiatives were taken to boost the exports of the company. Some of them included :

- Emphasis has been given on Foreign Traveling of Export Executives and Directors for development of new markets.
- The Company has participated in the conferences and exhibitions organized in various foreign countries.
- Steps has been taken for creating export market for Large Dia Pipe of API standards.

b) Total foreign exchange used and earned (Rs. in lacs)

Used : 5197.19 Earned : 12747.31

for and on behalf of
the Board of Directors

Place : New Delhi
Date : 29th June, 2007

B. D. Agarwal
Chairman & Managing Director



SURYA ROSHNI LIMITED

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, and part of the Directors' Report

Sl. No.	Name	Age yrs.	Designation / Nature of duties	Remuneration (Rs.)	Qualification	Experience yrs.	Date of Commencement of employment	Last employment and position held
Employed throughout the financial year								
1.	Sh. B. D. Agarwal	78	Chairman & Managing Director	49,20,000	B. A.	52	01.04.1982	Jindal Industries Ltd. (Whole Time Director)
2.	Sh. J. P. Agarwal	56	Vice Chairman and Joint Managing Director	40,20,000	B. Com.	35	01.04.1986	Jindal Industries Ltd. (Executive Director)

Notes:

- Shri B. D. Agarwal, Chairman and Managing Director and Shri J. P. Agarwal, Vice Chairman and Joint Managing Director of the Company are both related to each other.
- The employment of Shri B. D. Agarwal and Shri J. P. Agarwal are contractual and governed by the terms and conditions approved by the Central Government/ Shareholders.
- Remuneration includes salary, commission, medical exp., house rent paid / house rent allowance, other allowances and taxable value of perquisites.
- No employees of the Company came within the purview of the provisions of Section 217 (2A)(a)(iii) of the Companies Act, 1956 during the year.

for and on behalf of
the Board of Directors

Place : New Delhi
Date : 29th June, 2007

B. D. Agarwal
Chairman & Managing Director

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Certification by Managing Director and Chief Financial Officer (CFO) of the Company

We hereby certify that for the financial year ending 31st March, 2007 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that :

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the company during the 2006-2007 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- We accept the responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
- We further certify that :
 - There have been no significant changes in internal control during this year.
 - There have been no significant changes in accounting policies during this year.
 - There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

Place : New Delhi
Dated : 29th June, 2007

B. D. Agarwal
Chairman and
Managing Director

S. N. Bansal
Executive Director &
CFO