

ANNUAL REPORT 1997-98



Report

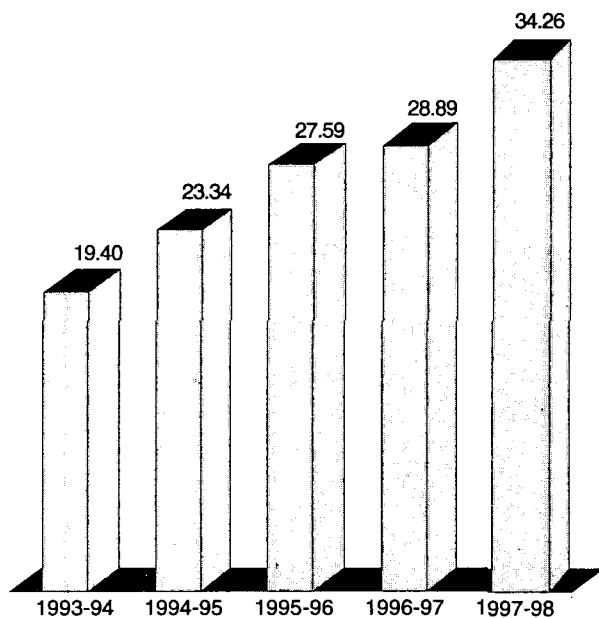


junction

SURYA ROSHNI LIMITED

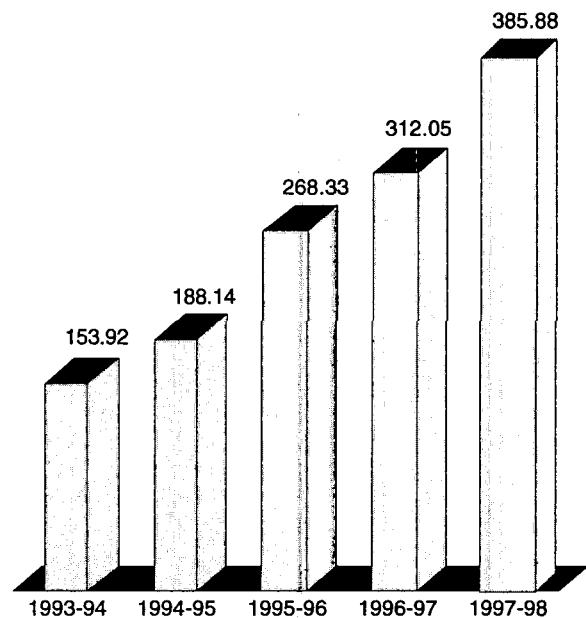
GROSS PROFIT

(Rs. in Crores)



FIXED ASSETS

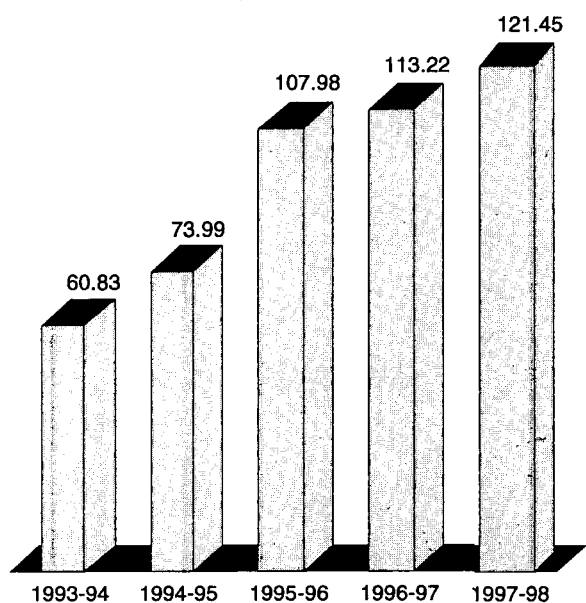
(Rs. in Crores)



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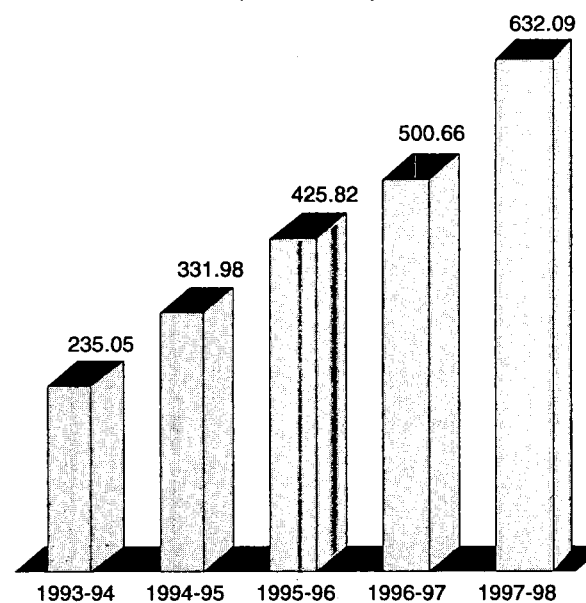
NET WORTH

(Rs. in Crores)



TURNOVER

(Rs. in Crores)





Mr. B. D. Agarwal
Chairman and
Managing Director

Blazing new trails in growth

In 1973 Mr. B. D. Agarwal, together with his son Mr. J. P. Agarwal, set up Prakash Tubes Limited at Bahadurgarh (Haryana) to manufacture black and galvanised steel pipes and tubes. Over the years, the focus has broadened to other growth areas and the Lighting Division came into existence in 1984.

Today the company under a dynamic and professional management has emerged as a leader in lighting industry and steel pipes industry.

Driven by its commitment to quality, Surya Roshni has achieved a sharp growth during the last two decades. The turnover at present is over Rs. 600 crores. Its most modern, state-of-the-art manufacturing facilities at three locations have achieved international recognition and ISO 9002 approvals. The wide ranges of products have won customer confidence and several awards and accolades. India's leading manufacturer of lighting products today, Surya Roshni is the brand leader and largest exporter of fluorescent tube lamps in the country.



Mr. J. P. Agarwal
Vice Chairman and
Joint Managing Director

Since the early days, Surya Roshni with its professionalism has endeavoured to develop a network of branch offices, distributors, dealers and retailers, which form a dedicated force behind this impressive growth. It's a matter of pride for us at Surya Roshni that it is a household name across the country. Surya Roshni enjoys a significant presence in exports, too, with its lighting products being exported to over 40 countries.

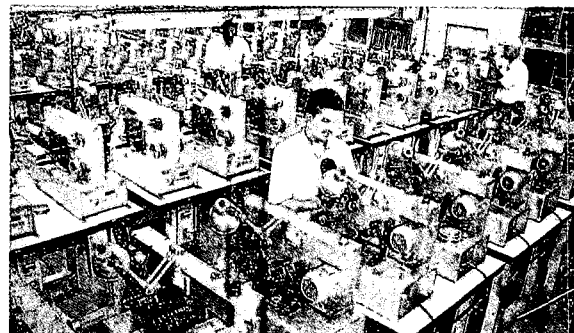
A strong foundation, with a strong R&D, tested skills and a committed workforce, mature leadership and international quality standards are the guiding principles that will take Surya Roshni to the twenty first century and new challenges in growth.

Values We Nurture

We shall endeavour to maintain leadership through quality products and cost control, explore new avenues in product development, marketing, and exports, create a stronger bond with our employees, suppliers and shareholders, contribute to social development, and constantly strive for excellence in all spheres of our global activities.

Leadership in Lighting

The turning point in the growth of Surya Roshni came with its diversification into lighting. In just over a decade, the Lighting Division has established formidable strengths - technological as well as marketing - and emerged as the brand leader and the largest manufacturer and exporter of fluorescent tube lamps in India.



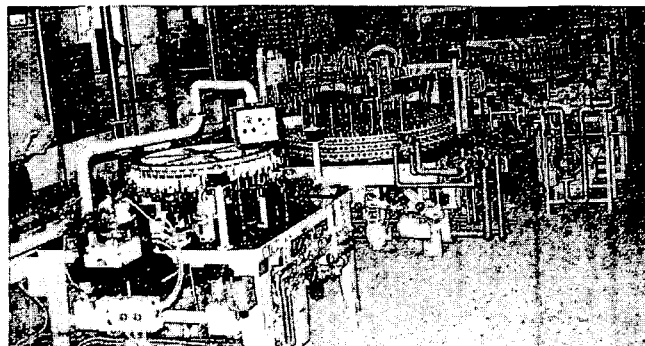
A view of the Filament Plant at Kashipur

Impressive Credentials

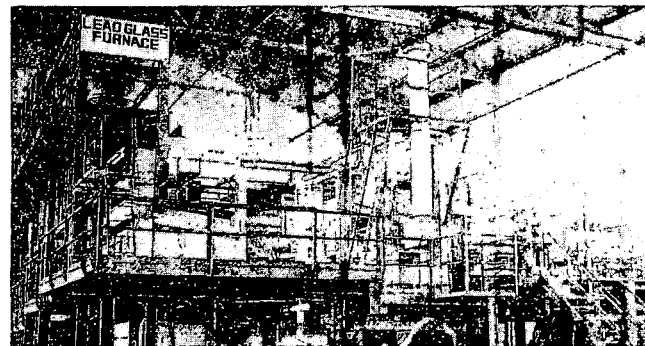
- Leading manufacturer of lighting products in India
- US\$6 million to US\$150 million in less than 10 years
- 0 to 40 countries in less than 10 years
- Attained No.1 position in India in fluorescent tube lights in less than 10 years
- Recipient of "E" MARK from BIS, U.K. and TUV, Germany
- Recipient of National Safety Award several times

The Lighting Division has international standard manufacturing facilities at both its plants at Kashipur (U.P.) and Malanpur (M.P.). These fully integrated plants with ISO 9002 certification produce a wide range of lighting systems for diverse purposes - general lighting systems (GLS) lamps, fluorescent tube lamps, auto halogen lamps, luminaries, special lamps, HID lamps, dichroic halogen lamps and components. All the critical components, from filaments to glass shells of every product are manufactured in-house to ensure an edge in quality, and to provide 100% vertical backward integration.

State-of-the-art technology combined with a large production capacity, and national and international quality approvals, make the Lighting Division the leader in lighting products in India.

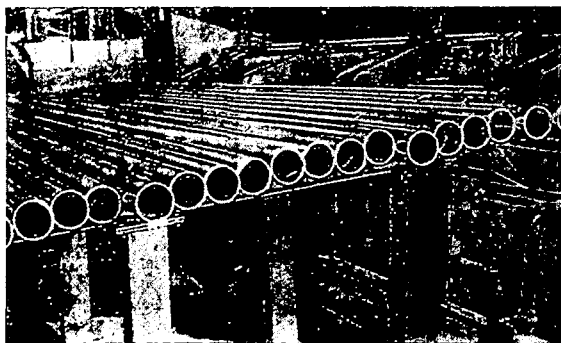


Filament chain state-of-the-art technology at work



Lead glass plant

A strong force in Steel



Galvanising of pipes in progress

Meeting the critical needs of housing industry, agriculture, gas, oil & petroleum, construction and industry are the steel pipes, tubes and C R strips manufactured by the Steel Division. The very first venture and foundation of Surya Roshni, the Steel Division has its sophisticated plant at Bahadurgarh, Haryana.

It was in fact the success of the Steel Division that spurred the creation and growth of the dynamic

organisation- Surya Roshni.

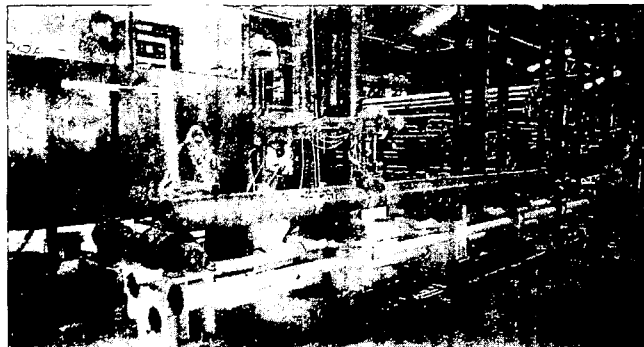
With continuous investments in upgrading manufacturing facilities and enhancing capabilities, the Steel Division has achieved several milestones in the industry, including the ISO 9002 certification. The product mix, conforming to stringent Indian and international standards, consists of a wide range of 1/2" to 16" dia Mild Steel ERW Pipes, tubes and Cold Rolled Steel Strips in drawn and extra deep drawn qualities.

To meet the challenging applications in diverse fields, Surya Roshni manufactures ERW steel pipes to stringent international and national specifications, including that of the toughest API standards for conveying of oil and gas under high pressure. The Steel Division has achieved remarkable success in producing a range of special grade ERW pipes like API 5L grade A, B and 5LX 42, X 46, X 52 and X 60.

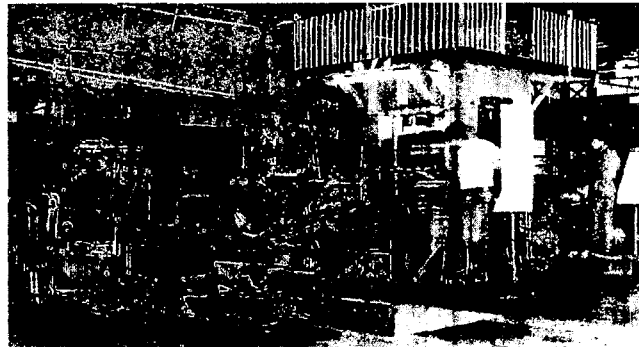
In C R strips too, Surya Roshni has proved its exceptional capabilities with the production of value added new products to meet the existing demands of sophisticated markets like automobile components, electric stamping and white goods industry.

Impressive credentials

- Prestigious API 5 L X- 60 order for conveying of gas from GAIL
- Major supplier to oil & gas sector, specifically to new refineries
- Upgradation of Pipe Mill with ultrasonic on-line strip testing and automatic ultrasonic pipe testing equipment
- Development of ultra extra deep drawn C R strips for critical automobile components
- I S O 9002 accreditation for the entire manufacturing facility and API licence
- Broadest product range in ERW pipes in the domestic market from 15mm NB to 400 mm NB and meeting major international stringent specifications.



Ultrasonic testing for ensuring high quality



Skin passing of cold rolled steel coils.



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Meeting the Global challenge

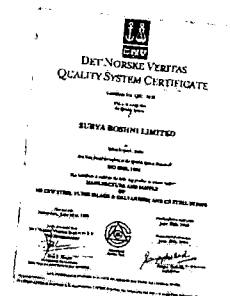
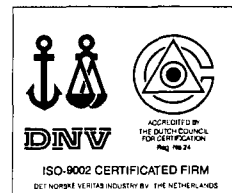
Surya Roshni has already demonstrated that it can meet the global quality challenge. Empowered with a vision of the future, Surya Roshni has been creating a quality culture that has found acceptance the world over.

Today, the range of products from both the Lighting and Steel Divisions, are exported to a number of countries, many of them in the developed world. This achievement has been made possible by the emphasis

Surya Roshni has laid on technology and quality.

Surya Roshni has always acknowledged that quality is the passport to the future. Be it in the domestic market or in the international arena, it's the foundation for growth. At Surya Roshni, the effort will always be to remain a quality leader, and emerge as a strong global player.

As the new millennium dawns, Surya Roshni stands poised to reinforce its strengths and spread its wings far and wide. Our goals are to anticipate and meet customers' needs, maintain highest quality standards, leadership in manufacturing and marketing, and stride ahead. The achievements that we have to our credit will, of course, act as a source of inspiration.





SURYA ROSHNI LIMITED

BOARD OF DIRECTORS

Shri B.D. Agarwal	Chairman and Managing Director
Shri T.R. Tuli	
Shri S.D. Jadhav	IDBI Nominee
Shri P.C. Gupta	
Shri V.K. Bhalla	UTI Nominee
Shri S.N. Arya	
Shri Rajendra 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	Senior Executive Director
Shri S.N. Bansal	Executive Director

COMPANY SECRETARY

Shri B.B. Singal

AUDITORS

Sastry K. Anandam & Company
Chartered Accountants

BANKERS

Punjab National Bank
State Bank of India
IDBI Bank Limited

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. Udham Singh Nagar (Uttar Pradesh)

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

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**NOTICE**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of SURYA ROSHNI LIMITED will be held on Friday, the 25th day of September, 1998 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, 1998.
2. To declare dividend.
3. To appoint a Director in place of Shri T R Tuli, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S N Arya, 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 in terms of Schedule XIII and pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and the laws prevailing for the time being and subject to the approval of Central Government, if required, and such alterations and modifications, if any, that may be effected by the Central Government in granting such approvals pursuant to any change in policies or laws, rules and regulations relating to managerial remuneration or in response to any application for review and reconsideration, submitted by the Company in that behalf and also subject to the approval of financial institution(s), the Company in General Meeting hereby approves the reappointment of and the payment of remuneration to Shri Basudev Agarwal, Managing Director of the Company for a period of five years w.e.f. 1st April, 1999 upon the terms and conditions as set out in the draft agreement, as submitted to this meeting and initialled by the Chairman for the purpose of identification, which are hereby approved and that the Board of Directors of the Company be and is hereby authorised to enter into the agreement on behalf of the Company with Shri Basudev Agarwal, in terms of the said draft agreement with such modifications, if any, as may be required by the Central Government and agreed to by the Board of Directors of the Company and acceptable to Shri Basudev Agarwal, provided that such alterations are not less beneficial to the Company.

RESOLVED FURTHER THAT subject to the approval of the Central Government/Company Law Board under Section 198, if necessary, and other applicable provisions of the Companies Act, 1956, the salary and perquisites as set out in the draft

agreement submitted to the meeting and initialled by the Chairman for the purpose of identification, be paid or granted to Shri Basudev Agarwal as minimum remuneration, notwithstanding, that in any financial year of the Company, during the tenure of Shri Basudev Agarwal as Managing Director of the Company, the Company has made no profit or the profits made are inadequate.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

"RESOLVED THAT Shri Rajendra Arya, an Additional Director co-opted by the Board of Directors, whose term of office expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the company has received a Notice from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri Rajendra Arya for the office of Director, 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 and/or to giving the power to takeover 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) for itself and as agent of Bank of India, HSIDC, PNB, SBI & IDBI Bank Ltd. to secure:

- a) Rupee Term Loan of Rs. 1000 lacs (Rupees One thousand lacs only), lent and advanced/agreed to be lent and advanced by IDBI to the Company ;
- b) Rupee Term Loan of Rs. 1400 lacs (Rupees one thousand four hundred lacs only), lent and advanced/agreed to be lent and advanced by IDBI to the Company;
- c) Term Loan of Rs.1560 lacs (Rupees one thousand five hundred sixty lacs only) lent and advanced/agreed to be lent and advanced by Bank of India to the Company;
- d) Equipment Refinance Scheme (ERS) loan of Rs. 250 lacs (Rupees Two hundred fifty lacs only) lent and advanced/agreed to be lent and advanced by HSIDC to the Company;
- e) The Working Capital Limits of Rs.13800 lacs, secured on Second Charge basis, lent and advance/agreed to be lent



SURYA ROSHNI LIMITED

and advance by Punjab National Bank, State Bank of India & IDBI Bank Ltd. to the Company. The details are as under:

Sl. No.	Banks	(Rs. in lacs)
1.	Punjab National Bank	7175
2.	State Bank of India	6075
3.	IDBI Bank Ltd.	550
	Total	13800

- f) 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, Bank of India, PNB, SBI and IDBI Bank Ltd. 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."

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 29th July, 1998

By Order of the Board

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 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, 1998.

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 6 to 8 are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1998 to 25th September, 1998 (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, 1998 to those members whose names stand on the Register of Members as on 25th September, 1998.

5. Those members who have so far not encashed their dividend warrants for the year ended 31-03-95, 31-03-96 and 31-03-97 may immediately approach the Company with their warrants for revalidation.
6. The amount of the unclaimed dividend for the financial year ended 31-03-94 has already been transferred and the amount of unclaimed dividend for the financial year ended 31-03-95 will be transferred on or before 24th November, 1998 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
11nd Floor, CGO Complex
Lodhi Road, New Delhi - 110 003

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

ITEM NO. 6

The Shareholders are aware that Shri B. D. Agarwal, a seasoned industrialist, was re-appointed as Managing Director of the Company for a period of 5 years with effect from 1st April, 1994, the term whereof will be expiring on 31st March, 1999.

The Shareholders are aware that ever since Shri B. D. Agarwal, assumed the Office of Managing Director of the Company, the Company has made all-round progress. The Company rather owes its present stature and position to his guidance and foresight. His 43 years experience and mature advice were of great assistance in consolidating the Company on a sound technical and financial footing. It is his pioneering spirit and untiring efforts towards growth and progress that has directed the Company's various expansion-cum-modernisation-cum-diversification programmes and activities in the more diversified fields. The Board of Directors are of the opinion that Shri B D Agarwal's high and rare skill of management would bring more prosperity to the Company in future.

Accordingly, the Board of Directors of the Company in their meeting held on 29th July, 1998 have recommended for the reappointment of Shri B D Agarwal as Managing Director of the Company for a further period of 5 years with effect from 1st April, 1999 on the following remuneration and other terms and conditions, subject to the approval of the financial institutions, concerned, Members and Central Government, if necessary.

SALARY : Salary of Rs.50,000/- per month in the grade of 50,000 - 7,500 - 80,000.

COMMISSION : 1% commission of the net profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a maximum of 50% of the annual salary.



PERQUISITES : Perquisites will be allowed in addition to salary and commission restricted to an amount equal to the annual salary. For this purpose unless the context otherwise requires, perquisites are classified into three categories : Parts A, B and C and the ceiling shall apply only to Part-A:

PART - A

- 1. Housing :** I. The expenditure by the Company on hiring unfurnished accommodation for the Managing Director shall be subject to the following ceilings:

60% of the salary, over and above 10% payable by Managing Director himself.

- II. In case the accommodation provided to the Managing Director is owned by the Company, the Company shall deduct 10% of the salary of the Managing Director.

- III. In case no accommodation is provided by the Company to the Managing Director, House Rent Allowance shall be paid by the Company to him subject to the ceilings laid down in Housing I, herein above.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of Managing Director.

- 2. Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.

- 3. Leave Travel Concession:** For self and family once in a year incurred in accordance with the rules specified by the Company.

- 4. Club Fees:** Fees of clubs subject to a maximum of two clubs. Admission and life membership fees shall not be allowed.

- 5. Personal Accident Insurance:** Premium not to exceed Rs.1,000/- per annum.

PART - B

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed a half month's salary for each completed year of service.

PART - C

Conveyance and Telephone : The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of car with driver for use of company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company on the Managing Director.

The aforesaid remuneration shall be subject to the limits of 10% of the net profits as laid down under sub-section (3) of Section 309 of the Companies Act, 1956 and an overall limit of 11% of the net profits as laid down under sub-section (1) of Section 198 of the said Act.

In the event of absence or inadequacy of profits in any financial year of the Company during his tenure as Managing Director, remuneration by way of salary and perquisites shall be subject to the provisions laid down under sub section (4) of section 198 of the Companies Act, 1956.

Apart from the aforesaid remuneration, Shri B D Agarwal will be entitled to reimbursement of expenses incurred in connection with business of the Company.

No sitting fees will be paid to him for attending the meetings of the Board of Directors of the Company or committees thereof.

The Managing Director shall not be entitled to supplement his earnings under any agreement with any buying or selling agency and shall also not be interested or concerned directly or indirectly through his spouse and/or minor children in any selling agency of the Company in future without prior approval of the Central Government.

A copy of the draft agreement proposed to be entered into by the Company with Shri B D Agarwal is open for inspection at the Registered Office of the Company on all working days during business hours from 11.00 A.M. to 1.00 P.M.

None of the Directors is concerned or interested in the said resolution except Shri B D Agarwal and Shri J P Agarwal.

The above terms and conditions may be deemed to be an abstract of the terms of appointment as made by the Board of Directors as required under section 302 of the Companies Act, 1956.

ITEM NO. 7

With a view to broad-base the Board of Directors of the Company, Shri Rajendra Arya was appointed as an Additional Director of the Company.

In accordance with the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company Shri Rajendra Arya holds office only upto the date of ensuing Annual General Meeting of the Company.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company from one of its members signifying the intention to propose the candidature of Shri Rajendra Arya as a Director of the Company.

Having regard of Shri Rajendra Arya's exposure to new business environment, the Board of Directors consider that the continuance of Shri Rajendra Arya as Director of the Company will be highly beneficial to the Company.

None of the Directors is concerned or interested in the said resolution except Shri Rajendra Arya.