

Annual Report 1999 - 2000

SURYA

SURYA ROSHNI LIMITED

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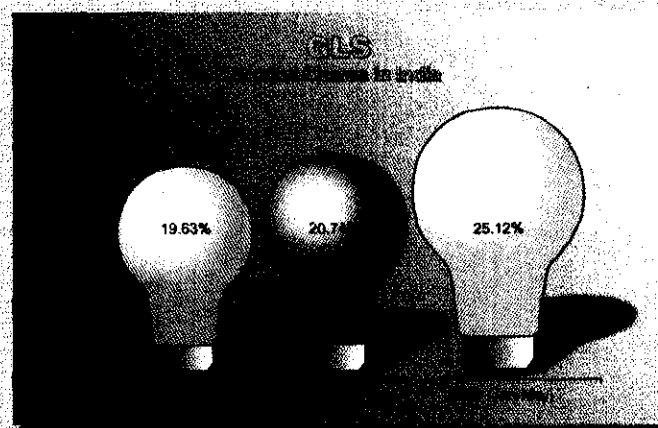
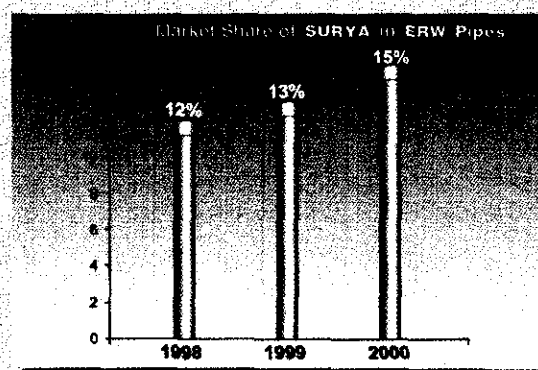
When the sun sets, Surya rises.

Audited Financial Results

Year March Ending	1995-96	1996-97	1997-98	1998-99	1999-2000
(Rs. in Crores)					
Turnover	425.82	500.66	632.09	718.51	776.33
Profit Before Interest, Depreciation & Tax	49.48	53.85	67.90	79.87	96.17
Profit Before Depreciation & Tax	27.59	28.90	34.26	40.98	49.18
Profit Before Tax	15.23	10.83	12.34	14.43	15.69
Profit After Tax	15.23	9.43	11.05	12.93	13.84
Dividend (%)	15.00	15.00	10.00	12.00	15.00
Net Worth					
Share Capital	25.40	25.40	25.40	28.40	28.40
Reserves	82.58	87.82	96.05	109.37	120.92
Total	107.98	113.22	121.45	137.77	149.32
Gross Fixed Assets	268.33	312.05	385.88	455.93	473.03



(As per ELCOMA)



(As per ELCOMA)



Shri B. D. Agarwal
Chairman cum Managing Director

Above the Ordinary

Surya Roshni Ltd. A Rs. 800 crore conglomerate. Founded in 1973. With a sharp focus on maintaining international quality. Driven by the extremely enterprising Shri B. D. Agarwal – *Chairman cum Managing Director*, and Shri J. P. Agarwal – *Vice Chairman cum Joint Managing Director*. Supported by a topnotch, highly qualified, vastly experienced and professional workforce, who rise above the ordinary, seeking new challenges, discovering better ways to provide customer delight.



Shri J. P. Agarwal
Vice Chairman cum Joint Managing Director

Lighting up the World!

Having diversified into the manufacturing of Lighting Products in 1984, Surya Roshni Limited is now the single largest Lamp manufacturing Company in India.

Since inception, technology excellence is a motto of Surya Roshni, the Company now has two fully integrated International Standard Lamps' manufacturing facilities at Kashipur (U.P.) and Malanpur (M.P.). The recently started backward integration sophisticated, high speed Ribbon Glass Project exemplified the Company's desire to manufacture world class products by using a latest state-of-the-art facility.

The division since its inception, is focusing on quality and productivity through elimination of losses and better utilisation of man and machine. The division has already demonstrated its will to face the global challenge in domestic market. The division has in fact consolidated its position by increasing the



Sub-Compact Fluorescent Lamp



market share of both its main product lines, i.e., GLS and FTL. The division is determined to do everything that is needed to fight for a greater market share in a far more competitive millennium. The hallmark of excellence in today's competitive market is global presence. Surya's future plans are to tap the global market under its brand. The setting up of a Wholly-Owned Subsidiary in USA is a concrete step to this direction. More such efforts will be directed in future to achieve further growth.

Steely Success

The nation's largest manufacturer of ERW pipes, Surya Roshni's Steel Pipe Division is also the preferred choice when it comes to the extraction and transportation of water, oil and natural gas. Also used for structural purposes such as scaffolding and tubular structures, all the pipes conform to international specifications. Their superior quality is taken for granted in the industry, having received the prestigious ISO 9002 accreditation for Steel

Pipes and Cold-Rolled Strips.

All this has been made possible with a systematic upgradation of technology over the last few years, keeping the Company well ahead of the rest of the players in the industry.

Another important factor that contributes to this success is the implementation of stringent quality controls by the R&D division during the entire process, from the procurement of raw materials to the final finishing stage.

Dividends during Recession!

In spite of generally depressed market conditions, Surya Roshni Ltd. has continued to perform well and achieve a sizable profit. This has ensured that its shareholders kept receiving rich dividends on a regular basis. The Company intends to continue improving its quality and services, and maintain its position as the undisputed leader in its field.





SURYA ROSHNI LIMITED

BOARD OF DIRECTORS

Shri B.D. Agarwal	Chairman cum Managing Director
Shri K.K. Narula	
Shri S. Ananthakrishnan	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 cum Joint Managing Director

MANAGEMENT EXECUTIVES

Corporate

Shri S.N. Bansal	Executive Director
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Lighting Division

Shri S.C. Mehta	Senior General Manager Kashipur Unit
Shri A.P. Sharma	Chief General Manager Malanpur Unit

Steel Division

Shri Ashok Gupta	President (Operations)
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COMPANY SECRETARY

Shri B.B. Singal

AUDITORS

Sastry K. Anandam & Company Chartered Accountants
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BANKERS

State Bank of India
Punjab National Bank
IDBI Bank Limited

REGISTERED OFFICE AND WORKS-STEEL DIVISION

Prakash Nagar, Sankhol, Bahadurgarh-124507 (Haryana)
E-mail : srlakash@ndf.vsnl.net.in

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)
E-mail : srlmlpr@gwr1.dot.net.in

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When the sun sets, Surya rises.

**NOTICE**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of SURYA ROSHNI LIMITED will be held on Friday, the 29th day of September, 2000 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, 2000.
2. To declare dividend.
3. To appoint a Director in place of Shri S. N. Arya, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rajendra 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 Shri K K Narula, 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 said Act, proposing the candidature of Shri K K Narula for the office of Director, 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 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 Jammu & Kashmir Bank Ltd., PNB, SBI & IDBI Bank Ltd. to secure:

- a) Rupee Term Loan of Rs.1500 lac (Rupees one thousand five hundred lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;
- b) Rupee Term Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;
- c) Rupee Term Loan of Rs.500 lac (Rupees Five hundred lac only) lent and advanced/agreed to be lent and advanced by Jammu & Kashmir Bank Ltd. to the Company;
- d) Rupee Term Loan of Rs.250 lac (Rupees two hundred fifty lac only) lent and advanced/agreed to be lent and advanced by IDBI Bank Ltd. to the Company;
- e) Rupee Term Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;
- f) The Working Capital Limits of Rs.16700 lac, secured on Second Charge basis, lent and advanced/agreed to be lent and advanced by Punjab National Bank, State Bank of India & IDBI Bank Ltd. 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, costs, charges, expenses and other monies payable by the Company to IDBI, Jammu & Kashmir Bank Ltd., 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."

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 21st July, 2000

B. B. Singal
Company Secretary

SURYA ROSHNI LIMITED**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 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 27th September, 2000.

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 6 & 7 are annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2000 to 29th September, 2000 (both days inclusive).

4. Pursuant to Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March, 1995, and thereafter, 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, 1995, or any subsequent financial year(s) are requested to make their claim at the following address:

The Company Secretary
Surya Roshni Limited
Padma Tower-I, 5, Rajendra Place,
New Delhi - 110 008.

5. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B, duly filled at the above address.

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

ITEM NO.6

Shri K. K. Narula was co-opted as an Additional Director of the Company with effect from 29th March, 2000. Pursuant to Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, Shri K. K. Narula holds office only upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing from a member proposing the candidature of Shri K. K. Narula for the office of the Director under the provision of Section 257 of the Companies Act, 1956.

None of the Directors is concerned or interested in the said resolution except Shri K. K. Narula.

ITEM NO.7

The Company has been sanctioned the term loans from IDBI, Jammu & Kashmir Bank Ltd. and IDBI Bank Ltd. and has approached for enhancement of Working Capital facilities from consortium banks i.e. SBI, PNB & IDBI Bank Ltd. for its Steel and Lighting Division. The details are as under:

- a) Rupee Term Loan of Rs.1500 lac (Rupees one thousand five

hundred lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;

- b) Rupee Term Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;

- c) Rupee Term Loan of Rs.500 lac (Rupees Five hundred lac only) lent and advanced/agreed to be lent and advanced by Jammu & Kashmir Bank Ltd. to the Company;

- d) Rupee Term Loan of Rs.250 lac (Rupees two hundred fifty lac only) lent and advanced/agreed to be lent and advanced by IDBI Bank Ltd. to the Company;

- e) Rupee Term Loan of Rs.1000 lac (Rupees One thousand lac only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;

- f) The Working Capital Limits of Rs.16700 lac, secured on Second Charge basis, lent and advanced/agreed to be lent and advanced by Punjab National Bank, State Bank of India & IDBI Bank Ltd. 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, costs, charges, expenses and other monies payable by the Company to IDBI, Jammu & Kashmir Bank Ltd., PNB, SBI and IDBI Bank Ltd. under Loan Agreements entered into/to be entered into by the Company in respect of the aforesaid loans."

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

Section 293(1)(a) of the Companies Act, 1956, 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 is interested in the resolution, except Shri S. Ananthakrishnan, who is nominee of IDBI.

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 21st July, 2000

B. B. Singal
Company Secretary

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report on the operations of your Company, together with audited accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

(Rs. in crores)

	1999-2000	1998-99
Profit for the year	49.18	40.98
Less: Depreciation	33.43	26.55
Profit before Prior Period adjustments	15.75	14.43
Prior period adjustments	0.06	—
Profit before tax	15.69	14.43
Provision for Tax	1.85	1.50
Net Profit after tax	13.84	12.93
Add: Balance brought forward from the previous year Investment	25.67	12.26
Allowance Utilised Reserve written back	—	5.17
Income Tax Provision written back	0.68	—
Tax Credit (MAT)	1.85	4.19
Profit available for appropriations	42.04	34.55
Less: Debenture Redemption Reserve	0.98	4.13
Capital Red. Reserve	0.50	0.50
Interim Dividend	3.81	—
Proposed Dividend	—	3.05
- Equity	—	0.36
- Preference Dividend	0.42	0.34
Tax on Distributed Profits	0.54	0.34
Transferred to General Reserve	0.70	0.50
	6.95	8.88
Balance carried to Balance Sheet	35.09	25.67

2. DIVIDEND

The Company paid an interim dividend @ Rs 1.50 per share on the paid-up equity share capital of Rs 25.40 crores. No final dividend is being recommended this year on the equity share capital of the Company.

Your Directors recommend the payment of dividend @ 14% p.a. on 3,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each.

The dividend (including tax on distributed profits) will absorb Rs 4,74,17,081/-.

3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to Rs.776.33 crore from Rs.718.51 crore last year, a rise of 8.05% and gross profit to Rs.49.18 crore from Rs.40.98 crore last year, a rise of 20%. The division wise performance of your Company is given below:

STEEL DIVISION

The Steel Division of the Company successfully demonstrated its ability to meet the Global Quality Challenge. With a vision of the future, the Division has started giving thrust to export of its products. The export turnover during the year under review increased to Rs 8.14 crores as against Rs 2.44 crores in previous year. The export turnover is likely to further increase during the year 2000-01.

The turnover of the division increased to Rs.437.31 crores as against Rs 418.99 crores last year.

LIGHTING DIVISION

The prestigious Ribbon Glass Project which started last year has been running successfully since then. During the year under review, the production from Ribbon plant was over 96% of installed capacity. The product has been well accepted in international and domestic market. A major portion of production of the Ribbon Plant is being used internally which results in significant savings in input costs. It has reduced the Company's dependence of critical raw material on outside sources. In addition to that, the Company's glass shells also serve as input for other established lighting majors.

During the year under review, the division has given thrust to its marketing activities. A major brand building exercise alongwith innovative marketing programme was launched to aggressively expand and excite the market. As a result, the turnover of the division increased to Rs.339.02 crore from Rs. 299.52 crore, a rise of 13.19% despite competition from other established players. The market share of Company's lighting products has increased both for GLS and FTL which form the main product line of the division.

4. FORMATION OF SUBSIDIARY IN USA

On December 7, 1999, the Company incorporated a Wholly Owned Subsidiary in the State of New York, USA to market Lighting products in the United States of America. The subsidiary company has since commenced its commercial activity during the current year.