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ANNUAL REPORT
2000-2001

Surya Roshni Limited

Audited Financial Results

(Rs. in Crores)

Year March Ending	1996-97	1997-98	1998-99	1999-2000	2000-01
Turnover	500.66	632.09	718.51	776.33	524.80
Profit Before Interest, Depreciation & Tax	53.85	67.90	79.87	96.17	96.72
Profit Before Depreciation & Tax	28.90	34.26	40.98	49.18	51.02
Profit Before Tax	10.83	12.34	14.43	15.69	16.00
Profit After Tax	9.43	11.05	12.93	13.84	14.61
Dividend (%)	15.00	10.00	12.00	15.00	10.00
Net Worth					
Share Capital	25.40	25.40	28.40	28.40	28.40
Reserves	87.82	96.05	109.37	120.92	132.22
Total	113.22	121.45	137.77	149.32	160.62
Gross Fixed Assets	312.05	385.88	455.93	473.03	495.56



◀ Large dia long length pipes loaded for despatch.

Chinese workers engaged in packing Energy Saving Lamps for Surya Roshni Inc., New York ▶





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 A.P. Sharma	Chief General Manager Malanpur Unit
Shri Chatur Singh	Chief General Manager Kashipur 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 (Uttaranchal)
--

J - 7, 8 & 9, Malanpur Industrial Area Malanpur, District Bhind (Madhya Pradesh)
E-mail : srlmlpr@gwr1.dot.net.in

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NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the members of SURYA ROSHNI LIMITED will be held on Friday, the 28th day of September, 2001, 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, 2001.
2. To declare dividend.
3. To appoint a Director in place of Shri P. C. Gupta, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S. N. Arya, who retires by rotation and, being eligible, offers himself for reappointment.
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 J. P. Agarwal as the Joint Managing Director of the Company for a period of five years w.e.f. 1st January, 2002 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 J. P. 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 J. P. 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 perquisite 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 J. P. Agarwal as minimum remuneration, notwithstanding, that in any

financial year of the Company, during the tenure of Shri J. P. Agarwal as Joint 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 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 IDBI Trusteeship Services Ltd. (ITSL), SIDBI and Bank of India to secure :

- a) Additional Bill Discounting Limit of Rs.200 lacs (Rupees two hundred lacs only) advanced/agreed to be advanced by Small Industries Development Bank of India (SIDBI) to the Company.
- b) Rupee Term Loan of Rs.1500 lacs (Rupees one thousand five hundred lacs only) lent and advanced/agreed to be lent and advanced by Bank of India to the Company.
- c) 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.
- d) Non-convertible Debentures upto a sum of not exceeding Rs.1000 lacs (Rupees one thousand lacs only) by way of private placement with Banks/Financial Institutions/Mutual Funds,

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, IDBI Trusteeship Services Ltd. (ITSL) as trustee for the debentureholders, SIDBI & Bank of India under Loan Agreements/Debenture Trustee Agreement (s) 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."

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

"RESOLVED THAT subject to the provisions of the Companies

SURYA ROSHNI LIMITED

Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Securities Contracts Regulations Act, 1956 and the rules framed thereunder, listing agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed by any authority while granting such approvals and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the resolution). The consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Bangalore and Chennai."

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 24th July, 2001

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 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, 2001.

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 6, 7 & 8 are annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 12th September, 2001, to 18th September, 2001 (both days inclusive).
4. The dividend on Equity Shares, if declared at the Meeting, will be payable to those shareholders whose names appear on the Company's register of members on 18th September, 2001. In respect of shares held in dematerialised form, the dividend shall be payable on the basis of beneficial ownership as at the end of 11th September, 2001, as per the details furnished by National Securities Depository Ltd./Central Depository Services (India) Ltd. for the purpose, as on that date.
5. 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.

6. 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.
7. Shri P. C. Gupta and Shri S. N. Arya, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible, offer themselves for reappointment.

Shri P. C. Gupta, aged about 81 years, has been the Director of the Company since its inception in 1973, he being one of the promoters. Shri Gupta is an industrialist with a rich experience of over 55 years in the corporate sector. Other directorships held by him include those of Keshav Sehkar Bank Ltd. and Ajay Footwears India (P) Ltd.

Shri S. N. Arya, aged about 55 years, has been a Director of the Company since September, 1988. In addition to an M.Com degree, he has a wide experience in casting, fabrication and re-rolling of steel items with expertise in road transport using modern equipment. Shri Arya has been the proud recipient of the Udyog Rattan Award-1983 and Man of the Year Award-1986. Other directorships held by him include those of Economic Services (P) Ltd., ETO (QTS) Pvt. Ltd. and Premium Products (P) Ltd. Shri Arya has an experience of over 25 years.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO.6**

The Shareholders are aware that since Shri J. P. Agarwal assumed the office of Joint 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 unshakable determination along with a vast experience has helped the Company scale new heights year after the other. It is his pioneering spirit and untiring efforts towards growth and progress that have constantly led the Company on the road to success. The Board of Directors are of the opinion that Shri J. P. 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 24th July, 2001, have recommended the reappointment of Shri J. P. Agarwal as Joint Managing Director for a period of 5 years w.e.f. 1st January, 2002, 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 Joint Managing Director shall be subject to the following ceilings:
60% of the salary, over and above 10% payable by Joint Managing Director himself.
- (ii) In case the accommodation provided to the Joint Managing Director is owned by the Company, the Company shall deduct 10% of the salary of the Joint Managing Director.
- (iii) In case no accommodation is provided by the Company to the Joint 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 Joint Managing Director.

2. **Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' 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 and encashment of leave at the end of the tenure.

PART - C

Conveyance and Telephone: The Company shall provide a car and telephone facility at the residence of the Joint Managing Director. Provision of car 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 Joint 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 Joint Managing Director, remuneration by way of salary and perquisites not exceeding the limits specified as above shall be payable.

Apart from the aforesaid remuneration, Shri J. P. 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 Joint 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 draft copy of the agreement proposed to be entered into between the Company and Shri J. P. 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

The Company has been granted additional Bill Discounting Limit from SIDBI and has been sanctioned term loans from IDBI & Bank of India. The Company also proposes to issue non-convertible debentures by way of private placement with Banks/Financial Institutions/Mutual Funds. The details are as under :

- a) Additional Bill Discounting Limit of Rs.200 lacs (Rupees two hundred lacs only) advanced/agreed to be advanced by Small Industries Development Bank of India (SIDBI) to the Company.
- b) Rupee Term Loan of Rs.1500 lacs (Rupees one thousand five hundred lacs only) lent and advanced/agreed to be lent and advanced by Bank of India to the Company.
- c) 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.
- d) Non-convertible Debentures upto a sum of not exceeding Rs.1000 lacs (Rupees one thousand lacs only) by way of private placement with Banks/Financial Institutions/ Mutual Funds.

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, IDBI Trusteeship Services Ltd. (ITSL) as trustee of the debentureholders, SIDBI & Bank of India under Loan Agreements/Debenture Trust Agreement(s) entered into/to be entered into by the Company in respect of the aforesaid loans.

SURYA ROSHNI LIMITED

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/Trustee Agreement(s) executed between the Company and Lenders/Trustee of Debentureholders and copies of the relevant documents/correspondence between the said Lenders/Trustee and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is interested in the resolution, except Sh. S. Ananthakrishnan, who is the nominee of IDBI.

ITEM NO.8

The Company's equity shares are presently listed at the following Stock Exchanges :

1. The Delhi Stock Exchange Association Ltd. (Regional)
2. National Stock Exchange of India Ltd.
3. The Stock Exchange, Mumbai
4. Ahmedabad Stock Exchange Ltd.

5. Chennai Stock Exchange Ltd.

6. Bangalore Stock Exchange Ltd.

It has been observed that the volume traded in the Stock Exchanges at Ahmedabad, Bangalore and Chennai has been extremely thin and does not justify the high costs incurred by way of annual listing fees as well as other regular compliances.

Considering the above, it is proposed that the shares of the Company be delisted from the Stock Exchanges at Ahmedabad, Bangalore and Chennai.

As per the SEBI regulations, voluntary delisting of shares from any of the Stock Exchange(s) requires the approval of the members by way of a Special Resolution passed at the Company's general meeting. Your Directors thus recommend the Special Resolution for your approval.

The Special Notice, as per SEBI requirements, would be published in one National newspaper in due course of time. The exact date from which delisting will take effect shall also be informed accordingly.

None of the Directors of the Company are in any way, concerned or interested in the resolution.

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507
(Haryana)
Dated: 24th July, 2001

By Order of the Board

B. B. Singal
Company Secretary

Shareholder Information**Stock Exchanges on which the Company's Securities are listed**

The Company's Securities are listed at the following 6 Stock Exchanges in India :

- | | | |
|---|--|---|
| 1. The Delhi Stock Exchange Association Limited
(Regional Stock Exchange)
DSE House,
3/1 Asaf Ali Road,
New Delhi - 110 002 | 2. National Stock Exchange of India Ltd.
Exchange Plaza,
5 th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051 | 3. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001 |
| 4. The Stock Exchange, Ahmedabad
Kamdhenu Complex
Opp. Sahajanand College
Panjarapole
Ahmedabad - 380 015 | 5. Madras Stock Exchange Limited
Exchange Building
Post Box No. 183
11, Second Line Beach,
Chennai - 600 001. | 6. Bangalore Stock Exchange Limited
No. 51, Stock Exchange Towers,
1st Cross,
J.C. Road,
Bangalore - 560 027. |

Note : The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2000-2001.



Notice

When the sun sets, Surya rises.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report on the operations of your Company, together with audited accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

(Rs. in crores)

	2000-2001	1999-2000
Profit for the year	51.02	49.18
Less: Depreciation	35.02	33.43
Profit before Prior period adjustments	16.00	15.75
Prior period adjustments	—	0.06
Profit before tax	16.00	15.69
Provision for Tax	1.39	1.85
Net Profit after tax	14.61	13.84
Add : { Balance brought forward from the previous year	35.09	25.67
Income Tax Provision written back	—	0.68
Tax Credit (MAT)	—	1.85
Profit available for appropriations	49.70	42.04
{ Debenture Redemption Reserve	—	0.98
Capital Red. Reserve	0.50	0.50
Interim Dividend	—	3.81
Proposed Dividend	—	—
Less : { Equity	2.54	—
Preference Dividend	0.42	0.42
Tax on Distributed Profits	0.30	0.54
Transferred to General Reserve	0.80	0.70
	4.56	6.95
Balance carried to Balance Sheet	45.14	35.09

2. DIVIDEND

Your Directors are pleased to recommend the payment of dividend @Re 1.00 per share on the paid up equity share capital of Rs. 25.40 crores. The dividend on Equity Shares, if approved at the Meeting, will be payable to those shareholders whose names appear on the company's register of members on 18th September, 2001. In respect of shares held in dematerialised form, the dividend shall be payable on the basis of beneficial ownership as at the end of 11th September, 2001, as per the details furnished by

National Securities Depository Ltd./Central Depository Services (India) Ltd. for the purpose, as on that date.

Your Directors also recommend the payment of 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 3,26,20,578/-.

3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to Rs.824.80 crores from Rs.776.33 crores last year, a rise of 6.24% and gross profit to Rs.51.02 crores from Rs.49.18 crores last year, a rise of 3.7%. The performance of the various divisions and the subsidiary of your Company is given below:

STEEL DIVISION

With a vision of the future, the Division has started giving thrust to exports in order to further substantiate its global presence. The efforts have started yielding results which is evident from the fact that the export turnover during the year under review increased to Rs. 25.52 crores as against Rs. 8.14 crores in previous year. The quality of the products has been very well received and the division has successfully carved a niche for itself in the global market. The export turnover is likely to further increase during the year 2001-02. The total turnover of the division increased to Rs. 471.94 crores as against Rs. 437.31 crores last year, a rise of 8%, which your Directors consider satisfactory.

LIGHTING DIVISION

During the year under review total market size remained unchanged or even decreased. The division witnessed stiff competition among established players. The competition intensified in the later part of the year. Despite the stiff competition, the division has increased its market share. The turnover of the division increased to Rs. 352.86 crores from Rs. 339.02 crores, a rise of 4.08%. However, margins remained under pressure throughout the year. The cost cutting exercises at different levels helped the division to retain its overall profitability. This trend is likely to continue in the current year.

USA SUBSIDIARY

Surya Roshni Inc., the USA subsidiary has made significant progress in the US market. It has achieved a turnover of US\$ 1.251 millions in the very first year of its commercial operations. The performance in the current year is likely to be much better as turnover of the 1st quarter has already surpassed last year's entire turnover. The management is pleased to announce that every lamp sold by the subsidiary in USA is under the "SURYA" brand and as on date the subsidiary has sold over half a million Energy Saving Lamps in different states of America.

4. CONSTITUTION OF AUDIT COMMITTEE

As per the requirements of Section 292A, an Audit Committee has been constituted comprising Sh. K. K. Narula, Sh. P. C. Gupta and Sh. Rajendra Arya as members. All the members are independent Directors of the Company. Shri K. K. Narula has been appointed as the Chairman of the Committee.

SURYA ROSHNI LIMITED**5. FORMATION OF SUBSIDIARY IN HONG KONG:**

On August 25, 2000, the Company incorporated a wholly owned subsidiary in Hong Kong. The primary objective of the subsidiary includes procurement of lighting products from China and India for the global market. The Company has not yet commenced its commercial activity.

6. FUTURE PROSPECTS

With the strong initiatives being taken to boost the demand for your Company's products in both India and abroad, the turnover and profitability during the current year are likely to increase further. The benefits would further arise with the subsidiaries in both USA and Hong Kong being fully functional.

7. FIXED DEPOSITS:

The public response towards the Company's fixed deposit scheme continued to be encouraging during the year under review. At the close of the year, 176 deposit holders, whose deposits, aggregating to Rs 28.46 lacs, had become due for payment, did not claim or renew their deposits. Since then, deposits aggregating to Rs 16.40 lacs have either been claimed or renewed. The principal amount and interest were duly paid for all other deposits which matured during the year.

8. DELISTING OF EQUITY SHARES

The volume of shares traded in the stock exchanges at Ahmedabad, Bangalore and Chennai, has been extremely thin and doesn't justify the high cost incurred by way of annual listing fees as well as other regular compliances. Thus it is proposed that the shares of the company be delisted from the exchanges at Ahmedabad, Bangalore and Chennai.

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

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

10. 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.

11. 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.

12. DIRECTORS

The term of Office of Sh. J. P. Agarwal, Joint Managing Director of the Company, shall be expiring on 31st December, 2001. Keeping in view his immense contribution towards the growth of the Company, the Board has reappointed him as the Joint Managing Director of the Company for a further period of five years w.e.f. 1st January, 2002, subject to consent of the Central Government, if necessary, shareholders and Financial Institutions. The Directors recommend his appointment for your approval.

As per Article 101 of the Articles of Association of the Company, Shri P. C. Gupta and Shri S. N. Arya, retire by rotation and being eligible, offer themselves for reappointment.

13. 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.

14. 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: 24th July, 2001

**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, 2001.

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

- Two new natural gas based generators of 625 KVA were installed in place of Diesel Generator Sets.
- New GI Plant Furnace was built to run it with natural gas in place of Furnace Oil/LDO to reduce the cost of fuels.
- Motors were revalued to reduce H.P. and higher H.P. motor was replaced with lower H.P. motors.

At Malanpur Unit of Lighting Division :

- Power factor was maintained up to 99% during the year.
- 14" Danner line cutter was modified.
- Larger mercury cap was introduced on FTL exhaust machine.
- Power capacitors were installed at receiving end to improve power factor and to reduce line losses.
- High pressure Air Pipe Line was modified to reduce compressor stoppages.
- Holder testing was eliminated in GLS plant.
- PID controllers with angle firing and thyristore module were installed for heating control system in TL exhaust for better temperature control and energy saving.
- Voltage step down transformer was installed for reduction of power consumption in General Lighting & Ventilation System.
- Exhaust oven light and insulators were modified to save energy.

At Kashipur Unit of Lighting Division :

- All TL Exhaust Ovens were suitably insulated and modified by:
 - Putting mineral wool blanket and replacing old S.S. Sheet.
 - Replacing 2.5 KW heater by 3 KW heaters for quicker response.
 - Providing phase angel firing module for temperature controlling which reduces the voltage to heaters once the desired temperature is reached.
- Voltage supply to the electric equipment in GLS Plant and Services Departments was improved.
- The pressure of Blower air was also reduced without effecting the production quality.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:**At the Malanpur Unit of Lighting Division, the following proposals are being implemented :**

- Introduction of venturies on GLS chain to reduce inlet pressure of Gases & Fuel.
- FTL baker to be modified for power / fuel saving by reducing length of Burners.
- Refrigerator type air dryer to be introduced to save HP air loss caused in the heating type dryer.
- AC drives to be installed on two nos. 50 HP roots blowers.
- Replacement of 250 W sodium vapour lamps with 150 W sodium vapour lamps for street light in component division to be done.
- New configuration of vacuum pumps to be introduced on HMT & Osram chain for energy saving.
- Conversion of Conventional chokes to Electronic chokes for FTL fixtures.
- Conversion of W type heating elements to Solid Nichrom Wire on FTL II Exhaust Oven.