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SURYA ROSHNI LIMITED

ANNUAL REPORT 2002-2003

SURYA

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Audited Financial Results

(Rs. in Crores)

Year March Ending	1998-99	1999-2000	2000-01	2001-02	2002-03
Turnover	718.51	776.33	824.80	806.57	864.61
Profit Before Interest, Depreciation & Tax	79.87	96.17	96.72	85.10	75.02
Profit Before Depreciation & Tax	40.98	49.18	51.02	46.15	39.29
Profit Before Tax	14.43	15.69	16.00	13.90	12.11
Profit After Tax	12.93	13.84	14.61	11.18	9.76
Dividend (%)	12.00	15.00	10.00	10.00	10.00
Net Worth					
Share Capital	28.40	28.40	28.40	27.40	26.40
Reserves	109.37	120.92	132.22	90.61	93.54
Total	**137.77**	**149.32**	**160.62**	**118.01**	**119.94**
Gross Fixed Assets	**455.93**	**473.03**	**495.56**	**500.17**	**512.14**

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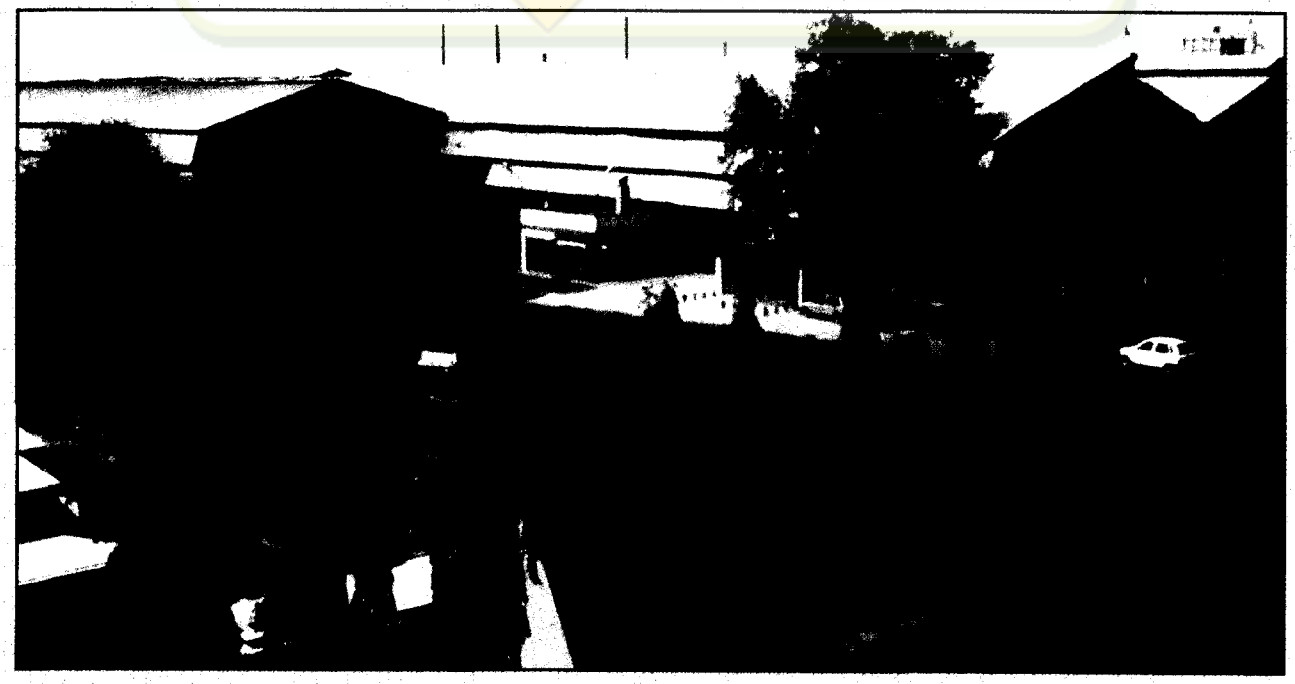

A view of the factory setup in an area of 52 acres with an enormous annual production capacity of about one million tons.

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SURYA ROSHNI LIMITED

BOARD OF DIRECTORS

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

Certified to be true copy
For SURYA ROSHNI LTD.
(B.B. SINGAL)
Company Secretary

MANAGEMENT EXECUTIVES

Corporate

S. N. Bansal	Executive Director

Lighting Division

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

Steel Division

S. K. Roongta	President

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COMPANY SECRETARY

B.B. Singal

AUDITORS

Sastry K. Anandam & Company
Chartered Accountants

BANKERS

State Bank of India
Punjab National Bank
Bank of India

REGISTERED OFFICE AND WORKS-STEEL DIVISION

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

WORKS-LIGHTING DIVISION

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

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

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When the sun sets, Surya rises.

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NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the members of SURYA ROSHNI LIMITED will be held on Friday, the 26th September, 2003 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, 2003.
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 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 Smt. Urmil Agarwal, 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 Smt. Urmil Agarwal 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) acting as agent of Banks/ Financial Institutions to secure :

a) Rupee Term Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by Canara Bank to the Company.

b) FCNR(B) Term Loan of USD 3 million (Rs. 1500 lac approx.) lent and advanced by State Bank of Travancore to the Company.

c) The Working Capital Limits of Rs.17400 lac, secured on Second Charge basis, lent and advanced/agreed to be lent and advanced by State Bank of India, Punjab National Bank and Bank of India to the Company.

together with interest thereon at the respective agreed rates, interest tax, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges , expenses and other monies payable by the Company to Canara Bank, State Bank of Travancore, State Bank of India, Punjab National Bank and Bank of India under Loan Agreements entered into/to be entered into by the Company in respect of the aforesaid loans.

RESOLVED FURTHER THAT the Board of Directors of the Company or a Committee of Directors authorised by the Board in this behalf be and is hereby authorised to finalise all agreement(s) for creating mortgage and/or charge as aforesaid and to do all such acts, deeds and matter as may be necessary or expedient for giving effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 314 of the Companies Act, 1956, Shri Vinay Surya be and is hereby appointed as the Chief Operating Officer (Exports) of the Company on a total remuneration of Rs.42,700/- p.m., subject to the approval of Central Government (if required)."

9. 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 Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), SEBI (Delisting of Securities) Guidelines, 2003, 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, Chennai and Delhi."

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507 (Haryana)
Dated: 26th June, 2003

B. B. SINGAL
COMPANY SECRETARY

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   Proxies, in order to be effective, must be received at 408, Padma Tower-I, Rajendra Place, New Delhi - 110 008 or Registered Office, not less than forty-eight hours before the commencement of this Annual General Meeting i.e. before 10:30 am on 24th September 2003.

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2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 6, 7, 8 and 9 is annexed hereto.

3. The Register of Members and Share Transfer books of the Company will remain closed from 10.09.2003 to 16.09.2003 (both days inclusive).

4. Members are requested to forward their change of address notifications, Bank Account details including 9 digit MICR number appearing on the cheque pertaining to the respective bank account to facilitate distribution of dividend through Electronic Clearing Service (ECS) to the Company / Registrar and Transfer Agent - ***MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi - 110 029,*** in respect of Shares held in physical form and to their respective Depository Participants if the shares are held in electronic form.

5. Pursuant to Section 205A of the Companies Act, 1956, dividend, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education & Protection Fund of the Central Government.

   Members who have not encashed their dividend warrant so far for the financial year ended 31st March, 1996, or any subsequent financial year(s) are requested to address their claim to ***The Company Secretary, Surya Roshni Limited, 408, Padma Tower - I, 5, Rajendra Place, New Delhi - 110 008.***

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

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

   Shri P. C. Gupta, aged about 83 years, has been the director of the Company since it's inception in 1973, he being one of the subscribers to the Memorandum of Association of the Company. Shri Gupta is an industrialist with a rich experience of over 57 years in the corporate sector. He is the Chairman on the Board of Keshav Sehkari Bank Ltd. and Ajay Footwears India (P) Ltd.

   Shri S. N. Arya, aged about 57 years, has been a director of the Company since September, 1988. In addition to an M.Com degree, he has a wide exeperience 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 27 years.

   Smt. Urmil Agarwal, aged about 50 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 25 years. She does not hold any other directorship.

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

ITEM NO. 6

Smt. Urmil Agarwal was co-opted as an Additional Director of the Company with effect from 26th June, 2003. Pursuant to Section 260 of the Companies Act, 1956, and the Article 97 of the Articles of Association of the Company, Smt. Urmil Agarwal 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 Smt. Urmil Agarwal 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 B. D. Agarwal and Shri J. P. Agarwal.

ITEM NO. 7

The Company has been sanctioned the term loans from Canara Bank, State Bank of Travancore and enhancement of Working Capital Limits from Consortium Banks i.e. SBI, PNB and Bank of India for its Steel and Lighting Divisions. 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 Canara Bank to the Company.

b) FCNR(B) Term Loan of USD 3 million (Rs. 1500 lac approx.) lent and advanced by State Bank of Travancore to the Company.

c) The Working Capital Limits of Rs.17400 lac, secured on Second Charge basis, lent and advanced/agreed to be lent and advanced by State Bank of India, Punjab National Bank and Bank of India to the Company.

together with interest thereon at the respective agreed rates, interest tax, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges , expenses and other monies payable by the Company to Canara Bank, State Bank of Travancore, State Bank of India, Punjab National Bank and Bank of India 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 of the Company is in any way, concerned or interested in the resolution.

ITEM NO. 8

The Board of Directors of the Company in their meeting held on 27th May, 2003 appointed Mr. Vinay Surya as the Chief Operating Officer (Exports) of the Company under Section 314 of the Companies Act, 1956, at the following remuneration & other terms and conditions, subject to the consent of the company by way of a Special Resolution and the approval of the Central Government (if required).

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	(Rs.)
Basic Salary (B.S.)	25,000.00
H.R.A. (@ 50% of the B.S.)	12,500.00
Company's contribution to PF (@ 12% of B.S.)	3,000.00
Total	**40,500.00**
Perquisite	
(As per valuation under Income Tax Act, 1961)	
Car for official and personal use	1600.00
Chauffeur	600.00
Total remuneration	**42,700.00**

Mr. Vinay Surya qualified as a Master of Business Administration from Australia and has a good exposure in the field of international trade. He is also well conversant with some of the most modern techniques of effective management. The Board holds a view that Mr. Vinay Surya's induction would prove to be immensely beneficial for the Company.

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

ITEM NO. 9

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. Madras Stock Exchange Ltd.

It has been observed that the volume traded in the Stock Exchanges at Ahmedabad, Chennai and Delhi 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, Chennai and Delhi.

It is hereby stated that, in conformance with the SEBI (Delisting of Securities) Guidelines, 2003, the Company is not required to and would thus not provide any exit option to the Shareholders in Ahmedabad, Chennai or Delhi, from where the shares are proposed to be delisted, since the shares of the company continue to remain listed at the National and Mumbai Stock Exchanges, both having nationwide trading terminals.

As per the SEBI (Delisting of Securities) Guidelines, 2003, 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 is in any way, concerned or interested in the resolution.

By Order of the Board

Registered Office:
Prakash Nagar, Sankhol,
Bahadurgarh - 124 507 (Haryana)
Dated: 26th June, 2003

B. B. SINGAL
COMPANY SECRETARY

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MANAGEMENT DISCUSSION AND ANALYSIS

PROFILE

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

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

INDUSTRY STRUCTURE AND DEVELOPMENT

During the year under review, the Lighting Industry witnessed a recession and there was a large gap between supply and demand, resulting into a major shortfall in the production as well as turnover.

The following would impact the market in the coming years :

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

The Steel Tubes industry too witnessed a downward trend during the year under review. Lack of demand resulted in a huge over supply situation. The future is likely to see only those companies successful, which have their products priced competitively. All possible efforts are being made by your company to reduce costs without compromising on the quality of the product.

SWOT ANALYSIS

Strengths :

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

Weaknesses :

- Low margin of profit on the products
- No concrete strategy to cope with external market forces
- Under utilisation of production capacity due to demand constraints

Opportunities :

- Potential increase in demand of energy efficient products
- Good potential in exports due to low cost and world standard quality products
- Increase in demand of regular lighting products with a general improvement in the power condition in urban as well as rural sectors
- Potential increase in government spending on infrastructure development and resulting increase in the demand for both lighting products as well as steel pipes

Threats :

- Tough competition from multi-national companies
- Cheap branded/unbranded and spurious products from the unorganised sector
- Duplicacy of branded products by unorganised sectors
- Several plants, presently in shut-down position, with idle capacity for similar products
- General recessionary trend in industrial sector as a whole and particularly in lighting industry
- Introduction of new energy efficient and new inventions in the Lighting industry for which the company has not yet started the developments in full swing

SEGMENT-WISE PERFORMANCE :

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

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

OUTLOOK

- The Government is giving continuous thrust on housing and infrastructure sector where Steel Tubes are used. The existing refineries are expanding their capacities and new refineries are coming into the scene. To save the transportation cost, the companies are planning to lay pipelines for transportation of oils and gases. The government spending on infrastructure development is also expected to increase the demand of pipes every year. With the cheaper availability of finance and tax incentives, it is expected that housing sector will get a major boost. In view of the same, the long term outlook of Steel Tubes industry remains positive.
- Proposals may be considered for merger/takeover of non-performing/sick units which are availabe at low cost, but have a potential for being turned into profitable units.

RISKS AND CONCERNS :

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

During the prolonged international recessionary trend, the company too witnessed a slowdown. However, aggressive cost cutting and addition to the product mix to incorporate more value-added products, yielded a positive contribution, enabling the company to weather the recession. 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

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lighting products. In dealing with the problems of severe over capacity and intense competition in the Lighting industry, the company is adding a new product range. Moreover, stress is being laid on boosting exports as well as institutional demands. At the same time, labour, time and money is also being geared towards making the various plant premises more and more eco friendly.

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

INTERNAL CONTROL SYSTEM :

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

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

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

FINANCIAL PERFORMANCE :

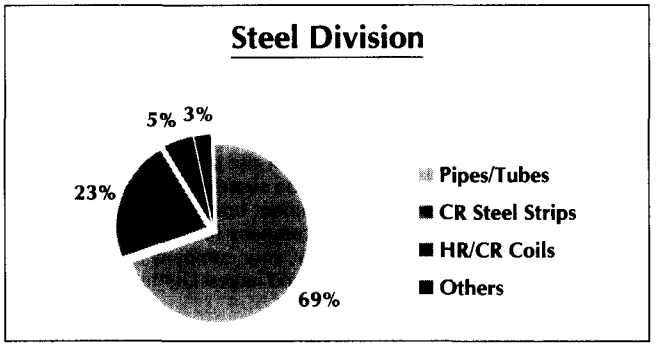
In spite of the prolonged recession, the company was able to maintain itself as a leader in the Steel Tubes industry and as a strong contender in the Lighting industry. Given under, are the financials of the company for the current as well as the previous year :

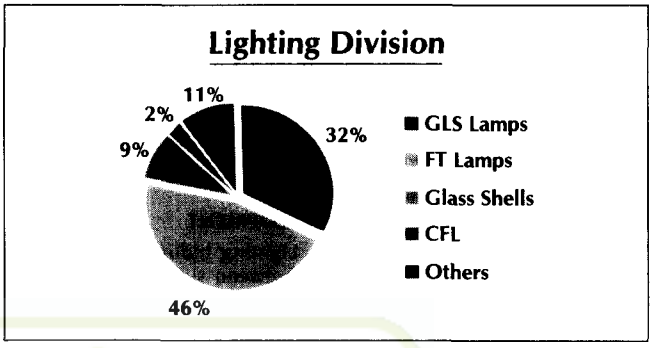
(Rs. in crores)

Particulars	2002-2003	2001-2002
Profit for the year	**39.29**	46.15
Less : Depreciation	**27.18**	32.25
Profit before tax	**12.11**	13.90
Provision for tax	**2.35**	2.72
Net Profit after tax	**9.76**	11.18
Balance brought forward from the previous year	**50.24**	45.14
Profit available for appropriations	**60.00**	56.32
Less : Capital Redemption Reserve	**0.50**	0.50
Proposed Equity Dividend	**2.54**	2.54
Proposed Preference Dividend	**0.16**	0.30
Tax on Distributed Profits	**0.35**	-
Transferred to General Reserve	**1.00**	0.50
MAT credit utilised	**1.97**	2.24
Deferred Tax revision	**1.75**	-
Balance carried to Balance Sheet	**51.73**	50.24

OPERATIONAL PERFORMANCE :

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





HUMAN RESOURCE AND INDUSTRIAL RELATIONS :

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

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

SAFETY MEASURES TAKEN :

There were various activities carried out in the company in order to create and enhance the safety awareness among the workers and the employees. At the Kashipur Unit of Lighting Division, various measures taken included observation of Fire Service Week (14.04.02 to 20.04.02), Electrical Safety Week (01.05.02 to 07.05.02), Environment Day (05.06.02) and National Safety Week (04.03.03 to 10.03.03) apart from regular meetings of the Central Safety Committee, training programs, safety inspections and onsite Emergency Rehearsals.

CAUTIONARY STATEMENT :

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

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirtieth Annual Report on the operations of your Company, together with audited accounts for the year ended 31 March 2003.

1. FINANCIAL RESULTS

(Rs. in crores)

Particulars	2002-2003	2001-2002
Profit for the year	**39.29**	46.15
Less : Depreciation	**27.18**	32.25
Profit before tax	**12.11**	13.90
Provision for tax	**2.35**	2.72
Net Profit after tax	**9.76**	11.18
Balance brought forward from the previous year	**50.24**	45.14
Profit available for appropriations	**60.00**	56.32
Less : Capital Redemption Reserve	**0.50**	0.50
Proposed Equity Dividend	**2.54**	2.54
Proposed Preference Dividend	**0.16**	0.30
Tax on Distributed Profits	**0.35**	-
Transferred to General Reserve	**1.00**	0.50
MAT credit utilised	**1.97**	2.24
Deferred Tax revision	**1.75**	-
Balance carried to Balance Sheet	**51.73**	50.24

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 16th September, 2003. In respect of shares held in dematerialised form, the dividend shall be payable on the basis of beneficial ownership as at the end of 9th September, 2003, as per the details furnished by National Securities Depository Ltd./ Central Depository Services (India) Ltd. for the purpose, as on that date.

Your Directors also recommend the payment of pro rata dividend @ 14 % p.a. on 3,00,000 Redeemable Cumulative Preference Shares for the financial year 2002-03.

The dividend (including dividend tax) will absorb Rs.3,04,60,167/-.

3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to Rs. 864.61 crores from Rs. 806.57 crores last year, registering an increase of 7.2 %. However, due to lower margins, the gross profit reduced to Rs. 39.29 crores from Rs. 46.15 crores last year, a fall of 15%. The performance of the various divisions and the subsidiaries of your Company is given below:

STEEL DIVISION

During the year under review, the turnover of the division increased marginally to Rs. 541 crores as compared to Rs. 486 crores last year, an increase of 11.3%. The division has, however been able to maintain it's leadership in the Steel Tubes' market. The initiatives taken to establish the product in global market have also started to show results. The product is now well established in some countries with orders flowing on a regular basis.

LIGHTING DIVISION

There was a general recession in the industrial sector as a whole and particularly in the Lighting industry. Most of the major Lighting Companies in India witnessed a fall in the performance recorded. The division recorded only a marginal increase of 1% in the turnover. In order to counter the depressed domestic market, strategies are being continuously developed to give greater thrust to the exports.

SUBSIDIARIES

As a result of the global recessionary trend, **Surya Roshni Inc.,** a wholly owned subsidiary of the company in USA, witnessed a decline in it's turnover to US$ 1.29 million as compared to US$ 3.13 million during the previous year.

Surya Roshni (HK) Limited, a wholly owned subsidiary of the company in Hong Kong, remained inactive during the year under review.

4. FUTURE PROSPECTS

The government is giving continuous thrust on development of infrastructure & housing. Hence, the domestic market is expected to grow at a faster pace. Continuous efforts are being made to reach unexplored markets and to increase the customer base. Well defined strategies are being implemented in order to boost the demand for your company's products. During the current year, a major supply of the products of the Steel Division to the US markets is expected. As a result of the sincere initiatives being taken at all levels, the turnover and profitability of your company during the current year are likely to reflect a considerable growth as compared to those of the year under review.

5. FIXED DEPOSITS

The Public response towards the Company's fixed deposit scheme continued to be encouraging during the year under review. At the close of the year, 175 depositholders, whose deposits, aggregating to Rs. 36.72 lacs, had become due for payment, did not claim or renew their deposits. Since then, deposits aggregating to Rs. 18.34 lacs have either been claimed or renewed. The principal amount and interest were duly paid for all other deposits which matured during the year.

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

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

7. PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

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

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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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

The nomination of Sh. S. Ananthakrishnan was withdrawn by IDBI and Sh. M. G. Bakre was nominated in his place w.e.f. 14th October, 2002. UTI withdrew the nomination of Sh. V.K. Bhalla w.e.f. 3rd June, 2003.

Your Directors inducted Smt. Urmil Agarwal as an additional director of the company on the 26th June, 2003. Her Appointment requires the approval of the members at the ensuing Annual General Meeting.

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

10. AUDITORS

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

11. ACKNOWLEDGEMENT

Your Directors wish to place on record, their appreciation for the continued support from All India Financial Institutions, Bankers, Government Authorities, Business Constituents and Investing Public.

Your Directors also wish to place on record once again, their appreciation for the contribution made by the workers, staff and executives at all levels, to the continued growth and prosperity of the Company. The overall industrial relations remained cordial at all the establishments.

for and on behalf of
the Board of Directors

Place : New Delhi
Dated : 26th June, 2003

B. D. AGARWAL
CHAIRMAN AND
MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) read with Companies(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2003.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

At Steel Division, Bahadurgarh :

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

At Malanpur Unit of Lighting Division :

- Temp. Controller installed at the chilling plant.
- AC Drive installed at Air Dryer.
- AC Drive installed at Cap Plant furnace blower.
- General Lighting replaced from Halogen/Mercury vapour to TL.
- Ambient Light Sensor installed.
- By improving power factor, rebate on electricity bill increased from 3% to 4%-5%.
- Installation of various measurement and control of electrical equipment.

At Kashipur Unit of Lighting Division :

- LDO used in place of HSD in DG sets & TL thermic heaters.
- Thryristor controlled units provided in sintering furnace of FPP.
- Electronic ballasts provided for filament plant lighting.
- Pulley size increased in 100 HP compressors (3 No.s). Efficiency of the compressors increased.
- Energy saver unit provided in street lighting circuit.
- FRP fan provided in DG set cooling tower.
- Thyristor unit provided in TLD stem annealer.
- Modification has been done in LT sub station for continuous running of one DG set only for Lamp Plant.
- Introduced power capacitors at load center to maintain the Power factor & to reduce energy losses.
- Rotary coating machine developed inhouse.

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