

**BOARD OF DIRECTORS**

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

**MANAGEMENT EXECUTIVES****Corporate**

S. N. Bansal	Executive Director
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**Lighting Division**

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

**COMPANY SECRETARY**

B. B. Singal
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**STATUTORY AUDITORS**

Sastry K. Anandam & Company Chartered Accountants
--

**COST AUDITORS**

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

**BANKERS**

State Bank of India
Punjab National Bank
State Bank of Patiala

**REGISTERED OFFICE AND  
WORKS-STEEL DIVISION**

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

**WORKS-LIGHTING DIVISION**

7 k.m. Stone, Kashipur-Moradabad Road, Kashipur-244713 Distt. Udham Singh Nagar (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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**NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of the members of **SURYA ROSHNI LIMITED** will be held on Thursday, the 29th September, 2005 at 10.30 A.M., at the Registered Office of the Company at Prakash Nagar, Sankhol, Bahadurgarh 124 507 (Haryana) to transact the following business:

**ORDINARY BUSINESS**

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, 2005.
2. To declare dividend.
3. To appoint a Director in place of Smt Urmil Agarwal, who retires by rotation and, being eligible, offers herself 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** the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future and the whole of the undertaking of the Company in favour of Industrial Development Bank of India Ltd. (IDBI Ltd.) acting for itself and as agent of Banks/Financial Institutions to secure:

- a) Rupee Term Loan of Rs.2000 lac (Rupees Two thousand lac only) lent and advanced by Syndicate Bank to the Company.
- b) Rupee Term Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by IDBI Ltd. to the Company.
- c) Foreign Currency Loan of US \$ 2 million lent and advanced by IDBI Ltd. to the Company.
- d) Rupee Corporate Loan of Rs.900 lac (Rupees Nine hundred lacs only) lent and advanced by State Bank of Travancore to the Company.
- e) Foreign Currency Loan of US \$ 3 million lent and advanced by State Bank of Patiala 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 Syndicate Bank, IDBI Limited, State Bank of Travancore and State Bank of Patiala 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."

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269,309, 310 and Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modification or any amendment or any substitution or reenactment thereof for the time being in force, approval of the members of the Company be and is hereby accorded to increase the remuneration paid to Shri Jai Prakash Agarwal as the Joint Managing Director of the Company w.e.f. 01-10-2004 for the rest of his tenure, as set out in the Supplementary Agreement executed on 27-09-2004 between the Company and Shri Jai Prakash Agarwal, which agreement is hereby specifically approved with authority to the Board of Directors of the Company to alter and/or vary the remuneration within the limits, if any, prescribed in the Act and/or any schedules thereto.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the rest of his tenure, the Company will pay Shri Jai Prakash Agarwal remuneration, perquisites, benefits and amenities not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors.

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

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

**"RESOLVED THAT,** in accordance with the applicable provisions of the Companies Act, 1956 and the Listing Agreement with Stock Exchanges, or any amendment or re-enactment thereof, consent be and is hereby accorded for payment of fees to the Non-Executive Directors of the Company, for attending meetings of the Board of Directors ('the Board') or Committees thereof, of amount(s), as may be determined by the Board, within the limit of Rs. 20,000/- (Rupees Twenty Thousand) individually per meeting as presently prescribed by the Central Government or such other limit as may be prescribed by the Central Government from time to time in that behalf."

By Order of the Board

**Registered Office :**  
Prakash Nagar, Sankhol,  
Bahadurgarh - 124 507 (Haryana)  
Dated : 29th June, 2005

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 a.m. on 27th September, 2005.

2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item no. 6, 7 and 8 is annexed hereto.

3. The Register of Members and Share Transfer books of the Company will remain closed from 14.09.2005 to 19.09.2005 (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, 1998, 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 :

Smt. Urmil Agarwal, aged about 52 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 27 years. She does not hold any other directorship.

Shri Rajendra Arya, aged about 36 years, has been a director of the Company since November, 1997. He is a member of the Company's Remuneration and Shareholders/ Investors' Grievance Committees and is a director in Prakash Surya Industries Ltd. Shri Arya holds degree in B.E. (CIVIL) from Malaviya Regional Engg. College, Jaipur in the year 1993. He has a rich experience of over 11 years in the administrative field.

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

**ITEM NO. 6**

The Company has been sanctioned the term loans from

Syndicate Bank, IDBI Ltd., State Bank of Travancore and State Bank of Patiala. The details are as under:

- Rupee Term Loan of Rs.2000 lac (Rupees Two thousand lac only) lent and advanced by Syndicate Bank to the Company.
- Rupee Term Loan of Rs.1500 lac (Rupees One thousand five hundred lac only) lent and advanced by IDBI Ltd. to the Company.
- Foreign Currency Loan of US \$ 2 million lent and advanced by IDBI Ltd. to the Company.
- Rupee Corporate Loan of Rs.900 lac (Rupees Nine hundred lac only) lent and advanced by State Bank of Travancore to the Company.
- Foreign Currency Loan of US \$ 3 million lent and advanced by State Bank of Patiala to the Company.

the financial assistance together with interest thereon at the respective agreed rates, interest tax, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to Syndicate Bank, IDBI Limited, State Bank of Travancore and State Bank of Patiala under Loan Agreements entered into/to be entered into by the Company in respect of the aforesaid loans have to be secured by a joint mortgage of all the immovable and movable properties of the Company, present and future.

Section 293(1)(a) of the Companies Act, 1956, provides inter alia that the Board of Directors of a Public Company shall not, without the consent of such Public Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Since the mortgage by the Company of its immovable and movable properties as aforesaid in favour of the Lenders may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, before creation of the said mortgage/charge.

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

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

**ITEM NO. 7**

The Shareholders of the Company at the Annual General Meeting held on 28-09-2001 had appointed Shri Jai Prakash Agarwal as a Joint Managing Director for a period of five years from 01-01-2002 to 31-12-2006. Considering the inflationary trend and increased in business activities of the Company which resulted in increase in work and responsibility of the Joint Managing Director and also the amount of remuneration payable in the similar Industries, the Board of Directors deemed fit to revise the remuneration payable to Shri Jai Prakash



Agarwal, Joint Managing Director w.e.f. 01-10-2004 for the rest of his tenure by executing a Supplementary Agreement on 27-09-2004 for modification of remuneration and the rest clauses of the Principal Agreement dated 01-01-2002 will be remain same and effective.

The Board of Directors in their meeting held on 27-09-2004 approved the revised remuneration of Shri Jai Prakash Agarwal, as Joint Managing Director w.e.f. 01-10-2004 for the rest of his tenure as follows :

**SALARY :** Salary of Rs.120000/- per month in the Grade of 120000-15000-150000.

**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**

##### **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 the 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 ceiling laid down in Housing I, herein above.
- IV. The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rule, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the 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 month's salary in a period of three years.
3. **Leave Travel Concession :** For self and family once in a year incurred 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.4000/-per annum.

#### **PART-B**

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

#### **PART-C**

The Company shall provide a car with driver and telephone facility at the residence of the Joint Managing Director. Provision of car with driver for use of Company's business and telephone facility at the 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 limit of 5% of the net profits as laid down under sub-section (3) of section 309 of the Companies Act, 1956.

If the Company has no profits or the profits are inadequate in any financial year during the terms of his office as the Joint Managing Director, Shri Jai Prakash Agarwal will be entitled to receive the above remuneration and perquisites as minimum remuneration, provided that the total remuneration, of salary, perquisites and any other allowances shall not exceed the ceiling as provided in section II of the Part II of Schedule XIII of the Companies Act, 1956 or such other amount and perquisites as/is may be provided in the said schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.

Apart from the aforesaid remuneration, Shri Jai Prakash Agarwal will be entitled to reimbursement of expenses incurred in connection with the 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.

Copy of the Supplementary Agreement executed between the Company and Shri Jai Prakash Agarwal 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.

Shri B. D. Agwarwal, Managing Director and Smt. Urmil Agarwal, Director are the relatives of Shri Jai Prakash Agarwal and to the extent they are interested in the resolution.

#### **Item No. 8**

In terms of the revised Clause 49 of the Listing Agreement with Stock Exchanges, approval of the Shareholders is now required for payment of sitting fees to the Non-Executive Directors of a Company.

The Non-Executive Directors of your Company are entitled to sitting fees, as determined by the Board of Directors ('the Board') from time to time, for attending meetings of the Board and Committees thereof. The sitting fees are presently Rs. 7500/- per meeting of the Board and Committees thereof.

The Board at its meeting held on 29th June, 2005, recommended for the approval of the Members, payment of sitting fees, individually as provided in the resolution.

The Non-Executive Directors of your Company are interested in the resolution to the extent of sitting fees that may be paid.

The Board recommends the resolution for your approval.

By Order of the Board

#### **Registered Office :**

Prakash Nagar, Sankhol,  
Bahadurgarh - 124 507 (Haryana)  
Dated : 29th June, 2005

B. B. SINGAL  
COMPANY SECRETARY



## MANAGEMENT DISCUSSION AND ANALYSIS

### PROFILE

Surya Roshni Limited began its 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. 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. 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 its way to becoming one of the leading brands globally.

### INDUSTRY STRUCTURE AND DEVELOPMENT

Despite competition from other established market players and unorganized sectors, Lighting Division is witnessing steady growth in turnover and profit. During the year under review, an investment of Rs.30 crores was committed to increase the installed capacities of major products. The following may impact the market in the coming years :

- Small Scale Industry in GLS and FTL
- The increasing cost of electricity resulting into opting for use of energy saving lamps.
- Shift from traditional to innovative lamps and systems

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

The Steel Tubes industry too witnessed growth during the year under review and the market growing steadily due to the boom in infrastructure sector. The future is likely to see only those companies successful, which have their products priced competitively and to sell their products in the international market. All possible efforts are being made by your company to reduce costs without compromising on the quality of the product and increase the export.

### SWOT ANALYSIS

#### Strengths :

- Well focused vision of the Management
- Complete backward integration
- High quality of products
- Nation-wide marketing network

#### Weaknesses :

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

#### Opportunities :

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

#### Threats :

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

### SEGMENT-WISE PERFORMANCE :

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

A detailed note on the segment-wise performance is given 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. In future also there seems to be a tremendous scope for export in Cold Rolling as well as ERW Pipes particularly to USA and other European Countries. The government spending on infrastructure development is also expected to increase the demand of pipes every year. With the 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.

### RISKS AND CONCERNS :

Technology obsolescence is an inherent business risk in a fast changing world and speed of change and adaptability is crucial for survival of business. Government energy policy and development of new superior products may render some of its existing production facilities obsolescent. At SURYA, the continuing modernization, aggressive cost cutting and adaptability of new technology are always main strengths and enabled the company to do away with obsolescent plants/processes and to emerge as one of the most modern plants in the lighting industry throughout the world. Its strength enable the Company to face future risk and convert them into opportunities.

Further aggressive cost cutting, addition to the product mix to incorporate more value-added products and with the present strengths of the company, the management feels that it can now compete effectively both in terms of quality and price with similar products imported from various countries. With the assistance of world-renowned consultants, the company has made good progress towards its objective of becoming the world leader in lighting products. Intense competition in the Lighting industry, the company is adding a new product range. Moreover, stress is being laid on boosting exports as well as institutional demands. At the same time, labour, time and money is also being geared towards making the various plant premises more and more eco friendly.

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

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

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

**When the sun sets, Surya rises.**



### INTERNAL CONTROL SYSTEM :

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

### FINANCIAL PERFORMANCE :

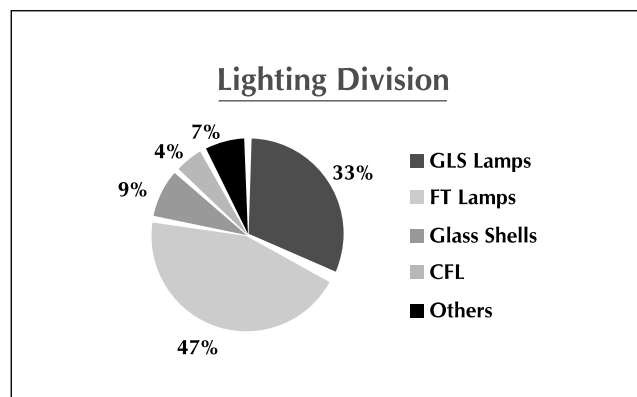
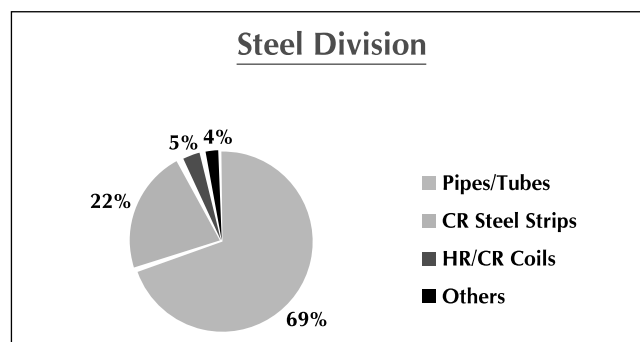
Your company was able to maintain itself as a leader in the Steel Tubes industry and as a strong contender in the Lighting industry. Given below are the financials of the company for the current as well as the previous year :

(Rs. in crores)

Particulars	2004-2005	2003-2004
Profit for the year	<b>41.83</b>	40.54
Less : Depreciation	<b>24.49</b>	25.97
Profit before tax	<b>17.34</b>	14.57
Provision for tax	<b>4.85</b>	2.58
Net Profit after tax	<b>12.49</b>	11.99
Balance brought forward from the previous year	<b>58.00</b>	51.73
Profit available for appropriations	<b>70.49</b>	63.72
Capital Redemption Reserve	Nil	0.50
Proposed Equity Dividend	<b>3.05</b>	3.05
Proposed Preference Dividend	Nil	0.02
Less : Tax on Distributed Profits	<b>0.44</b>	0.39
Transferred to General Reserve	<b>1.00</b>	1.00
MAT credit utilised	Nil	1.87
Deferred Tax revision	<b>(1.90)</b>	(1.11)
Balance carried to Balance Sheet	<b>67.90</b>	58.00

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

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

### 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 (14.04.04 and 20.04.04), Electrical Safety Week (01.05.04 to 07.05.04), Environment Day (05.06.04) and National Safety Week (04.03.05 to 10.03.05) apart from regular meetings of the Central Safety Committee, training programs, safety inspections and onsite Emergency Rehearsals and received National Safety Awards on 17th September, 2004 for the year 2003.

### 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.



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty Second Annual Report on the operations of your Company, together with audited accounts for the year ended 31st March, 2005.

### 1. FINANCIAL RESULTS

(Rs. in crores)

Particulars	2004-2005	2003-2004
Profit for the year	<b>41.83</b>	40.54
Less : Depreciation	<b>24.49</b>	25.97
Profit before tax	<b>17.34</b>	14.57
Provision for tax	<b>4.85</b>	2.58
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Profit available for appropriations	<b>70.49</b>	63.72
Less : { Capital Redemption Reserve	<b>Nil</b>	0.50
Proposed Equity Dividend	<b>3.05</b>	3.05
Proposed Preference Dividend	<b>Nil</b>	0.02
Tax on Distributed Profits	<b>0.44</b>	0.39
Transferred to General Reserve	<b>1.00</b>	1.00
MAT credit utilised	<b>Nil</b>	1.87
Deferred Tax revision	<b>(1.90)</b>	(1.11)
Balance carried to Balance Sheet	<b>67.90</b>	58.00

### 2. DIVIDEND

Your Directors are pleased to recommend the payment of dividend @ Rs.1.20 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 19th September, 2005. In respect of shares held in dematerialised form, the dividend shall be payable on the basis of beneficial ownership as at the end of 13th September, 2005, as per the details furnished by National Securities Depository Ltd./ Central Depository Services (India) Ltd. for the purpose, as on that date.

### 3. PERFORMANCE DURING THE YEAR UNDER REVIEW

During the year under review, the turnover of your Company increased to Rs.1198.60 crores from Rs.943.71 crores last year, registering an increase of 27.01%. However the gross profit increased to Rs.41.83 crores from Rs.40.54 crores last year, a rise of 3.18%. The Company successfully demonstrated its ability to meet the Global Quality Challenge. The export turnover during the year under review increased to Rs.143.05 crores as against Rs. 79.51 crores in previous year registering an increase of 79.91%. The export turnover is likely to further increase during the coming year. 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 to Rs.844.99 crores as compared to Rs.598.85 crores last year, an increase of 41.10%. The export turnover of the division has also been increased by more than 100% to Rs.115.18 crores in comparison to Rs.54.97 crores in the last financial year. The division has, however been able to maintain its 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

Despite competition from other established market players and unorganised sectors, the Division has witnessed a steady growth

in turnover and profit. During year under review, the turnover of the division increased to Rs.353.61 crores as compared to Rs.344.86 crores last year, an increase of 2.53%. The export turnover during the year under review increased to Rs.27.87 crores as against Rs.24.53 crores in previous year registering an increase of 13.62%. Strategies are being continuously developed to give greater thrust to the exports.

#### SUBSIDIARIES

The operation of, **Surya Roshni Inc.**, a wholly owned subsidiary of the company in USA, remains under pressure throughout the year. The subsidiary witnessed a decline in its turnover to US\$ 0.7 million as compared to US\$ 0.96 million during the previous year. Margins were even lower on this reduced sale. There was a net loss of US\$431,222 as compared to previous year loss of US\$251,936.

### 4. FUTURE PROSPECTS

#### STEEL DIVISION

In view of thrust of the Government of India on water, infrastructure and export sectors, there is tremendous scope for growth in the Steel Pipe and Cold Rolled Industry. In Large Dia Pipe the Company has widened its product range as per the requirement of the market. More increased demand is expected from various Oil and Gas companies for LDP pipes of API standards. Further the Company is planning to import quality control and measuring equipments of international standards and High Speed Cold Rolling Mill in order to participate in the highly quality sensitive global tenders and to give quality of international standards to their customers.

#### LIGHTING DIVISION

There is an increase in demand of regular lighting products with a general improvement in the power condition in urban as well as rural sectors and increase in spending on infrastructure development in the coming years. Well defined strategies are being implemented in order to cater the gradual increase in demand of lighting products and enhance the product share in market and to boost the demand for your Company's products. 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, 185 deposit holders, whose deposits, aggregating to Rs.56.34 lacs, had become due for payment, did not claim or renew their deposits. Since then, deposits aggregating to Rs.38.17 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 'A' to the Directors' Report.

### 7. PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

Particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended and information as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as Annexure 'B' to the Directors' Report.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts on a going concern basis.

**9. DIRECTORS**

As per Article 101 of the Articles of Association of the Company, Smt. Urmil Agarwal and Shri Rajendra Arya, retire by rotation and, being eligible, offer themselves for reappointment.

**10. AUDITORS**

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

B. D. AGARWAL  
CHAIRMAN AND

MANAGING DIRECTOR

Place : New Delhi  
Dated : 29th June, 2005

**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, 2005.

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

- Intensive efforts has been taken for increasing the loading of the generators so that unit per liter could be increased .
- Use of Compressed Natural Gas (CNG) has been started in place of HSD/LDO/FO in generators, Galvanising, Pickling & Annealing.
- Energy saving controller has been installed on the Motors in order to balance the load thereon as per requirement.
- Electrical Panels has been replaced with new technology in order to reduce breakdown thereon.
- Automatic time controller has been installed on the machine so that in case of breakdown in the Mill, auxiliaries thereof are stopped automatically.

**At Malanpur Unit of Lighting Division :**

- Motor rating reduced in various machinery in Component Division.
- Temperature Controller for automatic operation as per required temperature of chilling plant.
- Replacement of existing reciprocating type compressor with screw type air compressor in both in Divisions.
- Modified the temperature sensing / control and chiller which is resulted in reduced maintenance and saving energy approximately 400 units per day.
- Modification in Exhaust oven in FTL which is resulted in power saving of approximately 6 to 8 KW /Hrs.

**At Kashipur Unit of Lighting Division :**

- Glass Plant compressed air dryer isolated by providing dry compressed air from compressor room refrigerated type air dryer thereby preventing the purge losses.
- Cellulose fills type system installed in FTL/GLS side air cooling plant in place of conventional air washer to increase the efficiency and replacement of existing 10 H.P. (2 nos.) water pumps replaced by 2 H.P. water pumps for energy conservation.
- A.C. drive installed on FTL side air cooling plant and reduced the frequency from 50 HZ to 40 HZ.
- 3 in nos. 15 H.P. Russian made water pumps replaced by 10 H.P. pumps in D.G. sets.
- Introduced power capacitors to improve the power factor.
- Reduced H.T. Transformer losses by controlling the voltage and load sharing on transformers.
- Maintain the supply voltage at main L.T. room for reducing the unit.



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

**At Steel Division, Bahadurgarh :**

Efforts are going on for conversion of existing Diesel Generators from single fuel system to Dual fuel system with an investment of Rs.15 lac in order to increase more use of CNG.

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

The above measures resulted in substantial saving in the consumption of energy and consequent saving in the cost of production of goods.

**d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries in the Schedule thereto :**

	Steel Division		Lighting Division	
	2004-2005	2003-2004	2004-2005	2003-2004
<b>A) Power &amp; Fuel Consumption</b>				
1. Electricity				
a) Purchased				
Units (in thousands)	14570.55	18539.16	21631.62	21205.76
Total Amount (Rs. in lacs)	576.64	732.20	778.85	803.78
Rate / Unit (Rs.)	3.96	3.95	3.60	3.79
b) Own Generation				
Through Diesel Generator				
Units (in thousands)	4093.52	2515.74	6128.33	5844.36
Unit per Ltr. of HSD	3.28	3.46	3.81	3.81
Cost / Unit (Rs.)	6.97	4.78	5.73	4.82
c) Own Generation by				
Natural Gas Generator Set				
Units (in thousands)	4038.09	(Not used)	(Not used)	(Not used)
Unit per SCM	2.52	(Not used)	(Not used)	(Not used)
Cost / Unit (Rs.)	3.23	(Not used)	(Not used)	(Not used)
2. Furnace Oil/LDO				
Qty. (K.Ltrs.)	729.77	4568.75	9078.55	9034.26
Total amount (Rs. in lacs)	124.89	657.59	1026.86	994.79
Avg. Rate (Rs.)	17.11	14.39	11.31	11.01
3. Natural Gas used in GI Pipe & CR Mill				
Qty. SCM3 (in thousands)	4261.12	(Not used)	(Not used)	(Not used)
Total amount (Rs. in lacs)	310.14	(Not used)	(Not used)	(Not used)
Rate / SCM (Rs.)	7.28	(Not used)	(Not used)	(Not used)
4. L.P.G.				
Qty. (Tonnes)	(Not used)	(Not used)	2047.69	1850.93
Total amount (Rs. in lacs)	(Not used)	(Not used)	478.01	360.13
Rate / KG (Rs.)	(Not used)	(Not used)	23.34	19.46
5. Diesel				
(LDO Used in C.R. Mill)				
Qty. (K.Ltrs.)	20.00	1584.58	641.81	534.76
Total amount (Rs. in lacs)	3.42	232.63	143.44	102.53
Rate / Ltr. (Rs.)	17.11	14.68	22.35	19.17
6. Propane				
Qty. (Tonnes)	(Not used)	(Not used)	2151.30	2045.10
Total amount (Rs. in lacs)	(Not used)	(Not used)	490.68	374.13
Rate / KG (Rs.)	(Not used)	(Not used)	22.81	18.29

**B) Consumption per unit production**

Product	Unit	Steel Tubes/ Pipes/ C.R.Strips (Per M.T.)		Glass Item (Per M.T.)	
Electricity	Units	107.53	111.18	166.39	168.09
Furnace Oil/HSD/LDO/RFO *	Ltrs.	5.04	28.60	190.82	190.34
HSD/LDO (In CR Mill) *	Ltrs.	0.36	29.67	(Not used)	(Not used)
Propane / LPG	Kg.	(Not used)	(Not used)	56.84	55.81
Natural Gas Consumption (In GI Mill)	SCM	27.05	(Not used)	(Not used)	(Not used)
Natural Gas Consumption (In CR Mill)	SCM	34.14	(Not used)	(Not used)	(Not used)

\* Reason of variation : In the year under review, maximum Natural Gas used instead of F.O. /LDO / HSD in GI Pipe & CR Mill.

**II. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form-B of the Annexure to the Rules :

**1. Research and Development (R&D)****a) Specific areas in which R&D carried out by the company :**

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

**b) Benefits derived as a result of above R&D : Not Applicable****c) Future Plan of action :**

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

**d) Expenditure on R&D : No capital as well as recurring expenditure made on R&D.****2. Technology absorption, adaptation & innovation :****a) Efforts, in brief, made towards technology absorption, adaptation & innovation :**

Major initiatives are being taken to upgrade the various processes by making use of latest and better techniques. Efforts are constantly being made to make the maximum use of the available infrastructure, at the same time innovating new techniques to bring about efficiency as well as economy in different areas. Employees are given appropriate training of and on the job, to enable them to achieve the planned performance.

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

There were various benefits derived as a result of the efforts listed above, some of them included better utilization of the available resources, product improvement and development, cost reduction, better overall efficiency.

**c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) : Nil****III. FOREIGN EXCHANGE EARNINGS AND OUTGO****a) Activities relating to exports, initiatives taken to increase export, development of new markets for products and services and export plans :**

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

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

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

Used : 2277.19      Earned : 11397.17

for and on behalf of  
the Board of Directors

Place : New Delhi  
Date : June 29, 2005

B. D. Agarwal  
Chairman & Managing Director

**ANNEXURE 'B' TO THE DIRECTORS' REPORT**

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

Sl. No.	Name	Age yrs.	Designation / Nature of duties	Remuneration (Rs.)	Qualification	Experience yrs.	Date of Commencement of employment	Last employment and position held
<b>Employed throughout the financial year</b>								
1.	Sh. B. D. Agarwal	76	Chairman & Managing Director	31,50,000	B. A.	50	01.04.1982	Jindal Industries Ltd. (Whole Time Director)
2.	Sh. J. P. Agarwal *	54	Vice Chairman and Joint Managing Director	22,20,000	B. Com.	33	01.04.1986	Jindal Industries Ltd. (Executive Director)

\* The remuneration paid to Shri. J.P. Agarwal was exceeding the limit prescribed under the provisions of the Section 217(2A) of the Companies Act, 1956 w.e.f. 01-10-2004.

**Notes:**

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

for and on behalf of  
the Board of Directors

Place : New Delhi  
Date : June 29, 2005

B. D. Agarwal  
Chairman & Managing Director