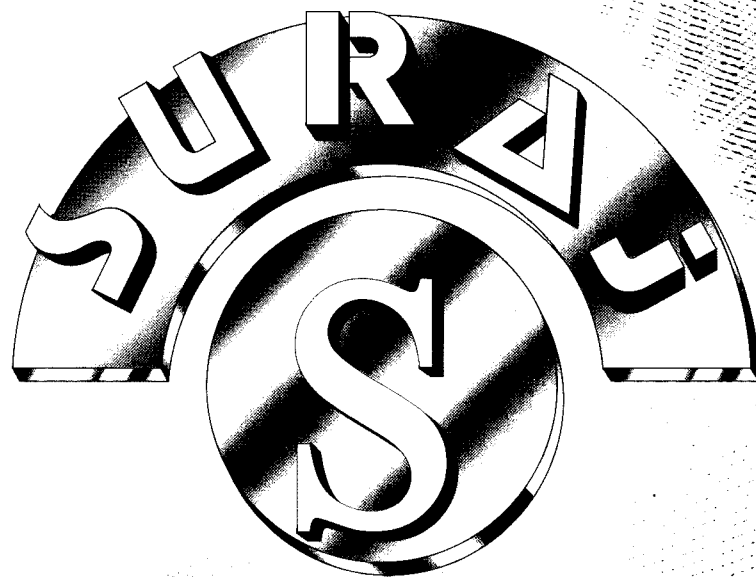


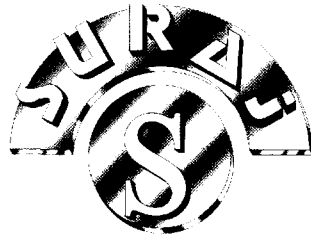
# 16th Annual Report 2008-2009



**SURAJ STAINLESS LTD.**

AN ISO 9001-2008, PED APPROVED & GOVT. RECOGNIZED EXPORT HOUSE

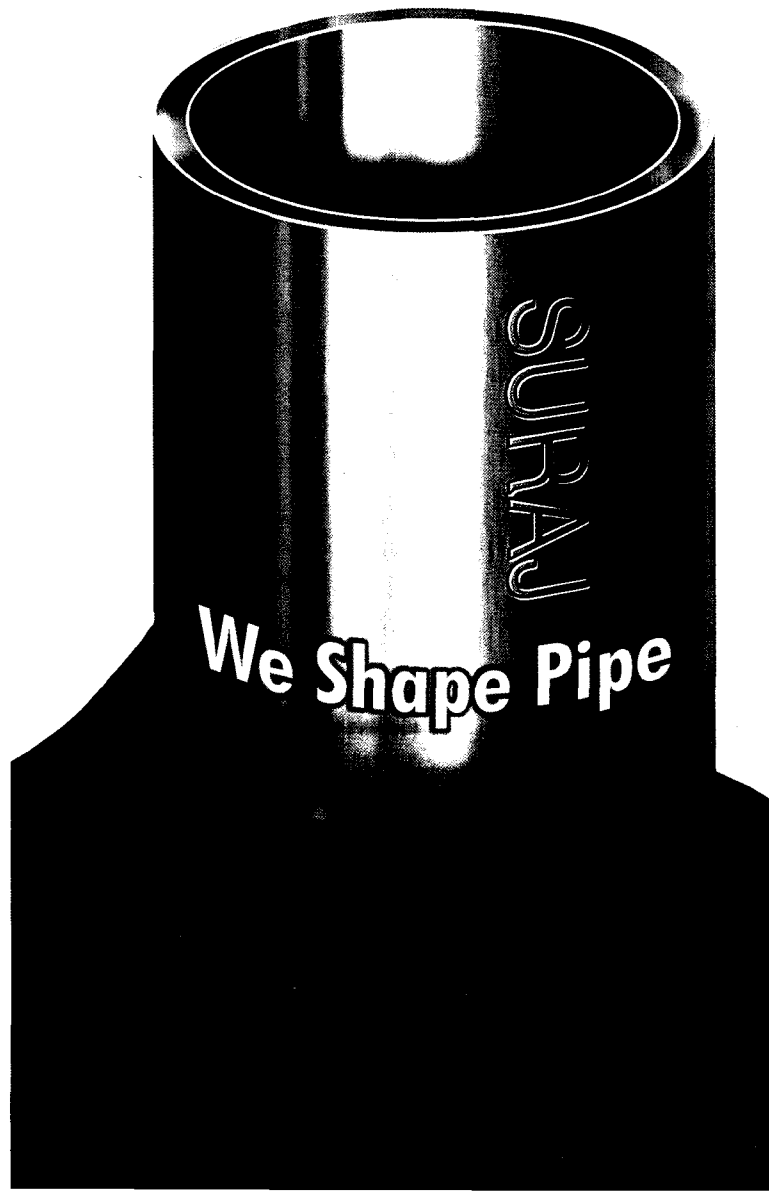
*Progress Through Co-operation*

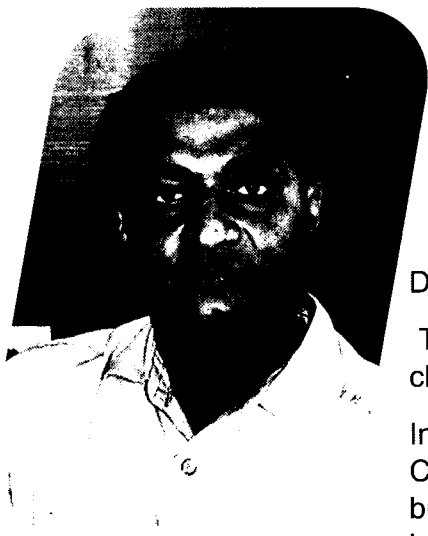


**SURAJ STAINLESS LTD.**

**AN ISO 9001-2008, PED APPROVED & GOVT. RECOGNIZED EXPORT HOUSE**

**Manufacturer of Austenitic, Ferritic & Martensitic,  
Duplex & Super Duplex Stainless Steel  
Seamless & Welded Pipes, Tubes, 'U' Tubes and  
Large Diameter Welded Pipes**





## CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders

The financial year 2008-2009 and also the next financial year becomes the challenging years for your Company as well as all other industries worldwide.

In this critical situation, for the year ended March 31, 2009, I believe your Company has done well to deliver a balance between the need to maintain and build customer relationships and the need to continue to meet financial benchmarks. During this year, we have not only strengthened relationships with our existing customers but also developed a number of new customers worldwide.

I am happy to report that in this year consistent with our Vision, as I have indicated more than once in the past, to become ourselves as one of the most reliable, efficient, profitable and respected producers globally of world class quality products, I wish to confirm fulfillment of this objective to a great extent.

I present herewith the Report of the Directors and the Audited working results for the year ended March 31, 2009. The company's operational performance for the financial year 2008-09 is not so good compared to previous year. The sales (net of excise) for F.Y. 2008-09 decreased nearly 16 per cent to Rs.229.42 crore from Rs. 273.72 crore achieved during last. It had recorded a profit of Rs. 5.80 crore against Rs. 13.55 crore in F.Y. 2007-08.

However, I am happy with the performance of the company. Even-though we could not improve further our operating results beyond last year, we are successful in restricting our sales / margins going too below despite a very difficult Global economic environment combined the highly volatile currency markets. The pricing environment continue to be challenging many of our clients are impacted by the financial crisis and are looking to us to help them reduce their expenses and optimize their businesses.

I wish to convey my sincere thanks to all Shareholders for their continued trust in the Board and the Management of the Company. For the financial year ended March 2009, the Board has declared a final dividend of Rs.1.50 on every share.

I would like to conclude by commending the employees commitment and contribution which has been the cornerstone of the company's growth over the years. I also acknowledge the support received from Banks and other institutions and hope to fulfill their expectation in the future also.

Ashok Shah  
Chairman & CEO

***"LEADER NEVER CREATE MORE FOLLOWERS. THEY CREATE MORE LEADERS"***

**VICE-CHAIRMAN**

Gunvant Shah

*"To Stay Competitive in Today's  
Economy You Need to be Flexible"*



**MANAGING DIRECTOR**

Kunal Shah

*"A successful person does not  
necessarily work hard,  
but works smart."*

# **SURAJ**

## **STAINLESS LIMITED**

(AN ISO - 9001 & A Govt. Recognised Export House)

### **Manufacturer, Exporter of Stainless Steel Seamless & Welded Pipes, Tubes and 'U' Tubes**

Our product is manufactured and tested to international standards, under the supervision of qualified and experienced technocrats and quality is certified, Approved ISO 9001-2000, AD 2000 MERKBLATT W0, and PRESSURE EQUIPMENT DIRECTIVE 97/23/EC our product is certified as per 3.1.A, 3.1.B, 3.1.C, and also available with the inspection of Sixteen internationally renowned inspection agency.

#### **16th Annual Report 2008-2009**

<b>BOARD OF DIRECTORS</b>	<b>: SHRI ASHOK T. SHAH</b> <b>SHRI GUNVANT T. SHAH</b> <b>SHRI KUNAL T. SHAH</b> <b>SHRI BIPIN K. PRAJAPATI</b> <b>SHRI DIPAK H. SHAH</b> <b>SHRI KETAN R. SHAH</b> <b>SHRI HAREN R. DESAI</b>	(Chairman & C.E.O.) (Vice Chairman & Wholetime Director) (Managing Director) (Wholetime Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director)
<b>REGISTERED OFFICE</b>	<b>: SURAJ HOUSE, OPP. USMANPURA GARDEN, USMANPURA, AHMEDABAD-380 014.</b>	
<b>WORKS</b>	<b>: SURVEY NO. 779/A, THOL,KADI - SANAND HIGHWAY, TAL. - KADI, DIST. MEHSANA.</b>	
<b>AUDITORS</b>	<b>: PANKAJ K. SHAH ASSOCIATES CHARTERED ACCOUNTANTS 701-A, "NIRMAN", B/H. NAVRANGPURA BUS STOP, AHMEDABAD.</b>	
<b>BANKERS</b>	<b>: PUNJAB NATIONAL BANK STATE BANK OF INDIA</b>	
<b>CONTENTS</b>	<b>: NOTICE DIRECTOR'S REPORT AUDITOR'S REPORT BALANCE SHEET PROFIT &amp; LOSS ACCOUNTS SCHEDULES BALANCE SHEET ABSTRACT AND COMPANIE'S GENERAL BUSINESS PROFILE</b>	

**10 YEARS OVERVIEW**

(Rs. In Lacs)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales & Other Income	2343.34	2357.93	2839.47	4844.95	7073.87	10034.56	11693.12	23328.49	29223.09	23097.13*
Profit before Interest, Depreciation & Tax	241.20	303.97	291.02	224.05	395.80	568.58	795.23	2107.68	3476.85	2193.84
Depreciation	71.60	81.26	90.17	96.52	115.82	127.64	138.68	338.65	502.82	545.41
Net Profit after tax for the year	28.55	53.96	40.54	68.12	105.95	192.31	295.89	833.82	1366.31	595.04
Share Capital	515.47	515.47	515.47	515.47	515.47	515.47	515.47	566.97	1700.91	1700.91
Reserve & Surplus	261.37	315.34	418.89	487.01	592.96	726.49	942.45	2995.29	2918.82	3200.23
Shareholders Funds	776.84	830.81	934.36	1002.48	1108.43	1241.96	1457.92	3562.26	4619.73	4901.14
Gross Block	862.62	988.12	1045.84	1121.52	1395.48	1673.53	4031.95	5676.98	6465.42	7966.08
Net Block	659.40	703.64	672.94	656.07	581.27	966.47	3186.49	4495.20	4780.81	5740.26
Net Current Assets	679.24	910.00	948.94	1042.28	979.29	1871.89	227.24	6191.09	5652.81	5329.38
Dividend	Nil	Nil	Nil	Nil	Nil	51.54	61.85	85.04	255.14	255.14
Rate of Dividend	Nil	Nil	Nil	Nil	Nil	10%	12%	15%	15%	15%
Book Value of share (in Rs.) (Face Value Rs. 10/-)	15.07	16.12	18.13	19.45	21.50	24.09	28.28	62.83	27.16	28.81
Earnings per Share (in Rs.)	0.55	1.05	0.79	1.32	2.06	3.73	5.74	14.71	8.03	3.50
Yearly High & Low Share Price Rupees	10-10	10-10	10-10	10-10	18-10	49-13	80-27	250-56	421-108	222-47

\* Net Sales &amp; Other Income for the year = Gross Rs. 24426.00 Lacs - Excise Rs. 1328.87 = Rs. 23097.13

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 16th Annual General Meeting of Suraj Stainless Limited will be held at the Registered Office situated at Suraj House, Opp. Usmanpura garden, Usmanpura, Ahmedabad - 380 014 on the 3rd September, 2009 at 11 a.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider, approve and adopt the Audited Profit and loss Account for the year ended March 31, 2009 the Balance sheet as on that date and to receive, consider and adopt the Director's and Auditor's Reports thereon.
2. To elect Director in place of Mr. Kunal T. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To elect Director in place of Mr. Bipinbhai K. Prajapati, who retires by rotation and being eligible, offers himself for reappointment.
4. To declare a dividend on Equity Shares.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the board of directors 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 pursuant to provisions of Section 16, 94 and other applicable provisions, if any of the Companies Act 1956, the Authorised Share Capital of the Company be increased from Rs. 18,00,00,000 (Rupees Eighteen Crore Only) divided into 1,80,00,000 (One Crore Eighty Lacs) Equity Shares of Rs. 10/- (Rupees ten only) each to Rs. 20,00,00,000 (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees ten only) by creation of 20,00,000 (Twenty Lacs Only) equity shares of Rs. 10/- each which shall rank pari passu with the existing equity shares of the Company in respect of dividend, voting rights, etc."

"RESOLVED FURTHER THAT consent of the members of the company be and is hereby accorded to alter the existing clause V of the Memorandum of Association of the Company by deleting the same and substituting in place and instead thereof the following as new clause V :

- V. The Authorised Share Capital of the Company is 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees ten Only) each.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take necessary actions to give effect to the foregoing resolution, submission of documents and papers with the concerned authorities to register and implement the aforesaid alteration in Authorised Share Capital and amendment to the Memorandum of Association of the company and to do all such acts, deeds and things as may be necessary in this regard including authorizing any officers of the company for this purpose".

For and on behalf of the Board of Directors

Ahmedabad  
Date : 27th July, 2009

Ashok T. Shah  
Chairman & C.E.O.

**NOTES :**

- a) A Member is eligible to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a Member. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 29-8-2009 to 03-09-2009 (both days inclusive).
- c) The Members are requested to notify any change in their address to the Company quoting their folio number at earliest to avoid inconvenience at a later stage.
- d) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting, therefore, Members are requested to bring their copies of Annual Report to the Meeting.
- e) Shareholders seeking any information with regards to accounts are requested to write to the Company latest by 20-08-2009 so as to enable the management to keep the information ready.
- f) The explanatory statement pursuant to section 173(2) of the companies act, 1956 is annexed hereto.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :****ITEM NO. 6**

The present Authorised Share capital of the Company is Rs. 18 Crores dividend in to 1,80,00,000 Equity Shares of Rs. 10/- each. The paid up capital of the Company is Rs. 17,00,91,000. However the Board has approved the Amalgamation of Group Company with the company which require fresh issue of capital by the company and therefore it was thought fit to increase the Authorised Share Capital of the company by Rs. 200 Lacs by creation of 20,00,000 new equity shares which shall rank pari passu with the existing Equity Shares of the Company.

Pursuant to Section 94 of the Companies Act, 1956, the Authorised Share Capital of the company can be increased by passing a resolution in a General Meeting.

The resolution set out at item no. 6 for amending the Capital clause of the Memorandum of Association.

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

**ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING****DETAILS OF THE DIRECTORS SEEKING APPOINTMENT /REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 3RD SEPTEMBER, 2009**

(IN PURSUANCE OF CLAUSE 49(VI) A OF THE LISTING AGREEMENTS)

Name of Director	Mr. Kunal T. Shah	Mr. Bipinbhai Prajapati
Age (Yrs.)	36 Years	34 Years
Qualifications	Graduate	Graduate
Designation	Managing Director	Whole Time Director
Experience in specific functional areas	In the field of Marketing - Since Last 13 Years	In the field of Production Since Last 15 Years
List of Companies in which outside Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of Directors of the Company	NIL	NIL

Ahmedabad  
Date : 27th July, 2009

**For and on behalf of the Board of Directors**

**Ashok T. Shah**  
Chairman & C.E.O.



**DIRECTORS' REPORT**

To,  
The Members,

**SURAJ STAINLESS LIMITED Ahmedabad.**

Your Directors have pleasure in presenting the 16th Annual Report and the Audited Accounts for the financial year ended March 31, 2009.

**Financial Results**

The highlights of financial results of the company for the financial year ended March 31, 2009 are as under :-

(Rs.in lacs)

	2008-2009	2007-2008
Sales and other Income	23097.13	27517.09
Interest	737.00	894.61
Profit Before Depreciation	1456.84	2582.24
Depreciation	545.42	502.82
Profit Before Tax	911.42	2079.42
Taxation -- Current Tax	328.00	684.63
-- FBT Tax	6.89	4.88
-- Income Tax of earlier years	8.76	5.05
-- Deferred Tax (Assets)/Liability	(18.50)	23.60
Profit after Tax	586.27	1361.26
Prior Period Adjustment	(6.38)	(5.81)
Net Profit	579.89	1355.45
Balance b/f from Previous Year	2329.59	1340.41
Amount available for proposed Appropriations:	2909.48	2695.86
<b>Appropriations</b>		
Proposed Dividend	255.14	255.14
Provision for Tax on Dividend	43.36	43.36
Transfer to Statutory Reserves	28.99	67.77
Balance c/f to Balance Sheet	2581.99	2329.59

**Performance :**

During the year the turnover of the company is reduced from Rs. 27372.09 lacs to Rs. 22942.96 lacs in view of global melt down in the industries and consequently the profit before tax is also reduced from Rs. 2079.42 lacs to 911.42 lacs and profit after tax is also reduced from Rs. 1355.45 lacs to Rs. 579.89 lacs.

**Dividend**

The Board of the Directors of the Company are pleased to recommend dividend @ 15 % i.e. Rs. 1.50 for each equity share of Rs. 10/- on the Equity Share Capital of the Company for the Financial Year ended 31st March, 2009 subject to approval of the shareholders.

**Expansion**

The Company has success fully completed cold draw facility of pipes and now company can get more value addition

**Award**

The latest addition to Company's achievement is the AWARD OF "NIRYAT SHREE " Certificates of Excellence by FEDERATION OF INDIAN EXPORT ORGANISATIONS for outstanding Export Performance in the category of Engineering & Metallurgical Products, Non-SSI during the year 2005-06. This achievement has been accomplished by committed and well-trained people employees teamwork, communication, perseverance and customer service to the maximum in a safe and cooperative environment. "

**Quality Management**

Quality is the most important mantra of the company and effort is spared to ensure best quality and after sales service to the customer. Company has a clear strategic vision which is always in touch with the latest advancements in technology, thereby constantly upgrading production facilities and man-power skills, Plans in the pipelines. The company also continues to maintain the ISO 9001(2000) quality standard.

**Export Revenue**

While establishing the company have in mind to become one of the trusted producers of quality products, which has been successfully fulfilled by obtaining a good name in the International markets by supplying the quality products to more than 70 countries all over the world.

## Finance

During the year the company has been sanctioned Term loan of Rs. 37.50 Crore from Punjab National Bank for expansion project of Seamless pipe division.

## Directors

Mr. Mahesh V. Parikh had resigned as a Director during the year and the board appreciate the services rendered by him.

Mr. Kunal T. Shah and Mr. Bipin K. Prajapati retire from the Board by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Directors recommend their reappointment as proposed in the Notice for the Annual General Meeting.

## Particulars Employees

As required, pursuant to provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975, the names and other particular of employees(s) are set out in the annexure to Directors' Report

## Auditors

M/s. Pankaj K. Shah Associates, Chartered Accountants, Ahmedabad the Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Pankaj K. Shah Associates has confirmed that their re-appointment, if made shall be within the limits of section 224 (1B) of the Companies Act, 1956. The board recommends their re-appointment as Auditors and to fix their remuneration.

## Auditor's Report

The report of the Auditors of the company and notes to the accounts are self-explanatory and therefore do not call for any further comments and may be regarded as adequate compliance of section 217(3) of the Companies Act, 1956.

## Amalgamation

The Board of directors have approved the Amalgamation of M/s. Suraj Limited with the Company subject to approval by appropriate authority.

## Management discussion and analysis

The operational performance and future outlook of the business has been reviewed by the management based on current business resources and future development of the company.

## Performance and Future outlook

In line with industrial recession all over the world and more particularly in steel industry, the performance of the Company was not up to the mark but the company achieved satisfactory results during the year. However looking to the recovery process in the industry, the performance the company is expected to generate good result during current year.

## Internal Control System

Your company has clearly laid down policies, guidelines and procedures that form part of the internal control system which provide for automatic checks and balances. All operating parameters are monitored and controlled. Regular internal audit and checks ensure the effectiveness and efficiency of these systems to ensure that all assets are protected against loss and that the financial and operational information is complete and accurate.

## Human Resources / Industrial Relation

Your company has always considered its employees as valuable assets and has adopted various HRD measures including proper appraisal of employees placement, recognition, career growth prospects, improvement of managerial and internal personal skills through various training programs etc.

During the year under review, the industrial relations remained harmonious and cordial.

## Corporate Governance

Your company has always confirmed to good Governance norms and has complied with corporate governance norms as mentioned in the Listing Agreement.

The Certificate of compliance from the auditor and report on Corporate Governance from directors, forms a part of this report.

## Conservation of Energy Etc.

Information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the board of Director) Rules 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is annexed as an Annexure.

## Director's Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following Statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- i) That, in the preparation of the Annual Accounts for the year ended 31st March, 2009, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any,
- ii) That such accounting policies as mentioned in Notes on Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2009 and of the Profit of the Company for that year.
- iii) That, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- iv) That the Annual Accounts for the year ended 31st March, 2009 have been prepared on a going concern basis.

**Listing**

The Equity Shares of the Company are listed on the Bombay stock Exchange Limited and the company has paid listing fee for F.Y. 2009-10

**Cash Flow Statement**

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, in India, a Cash Flow Statement, as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS 3) issued by the Institute of Chartered Accountants of India, is given along with Balance Sheet and Profit and Loss Account..

**Acknowledgement**

The directors wish to place on record the unstinted efforts and dedicated services extended by the employees at all levels and the support received at all times from customers, suppliers, agents, and general public for their support and confidence reposed in the management.

Your Directors are also grateful to the Central and State Government Authorities and Company's Bankers for their continued assistance and support.

The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the management.

**For and on behalf of the Board of Directors**

Ahmedabad

Date : 27th July, 2009

**Ashok T. Shah**

Chairman & C.E.O.

**ANNEXURE TO DIRECTORS REPORT**

Particulars required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and forming part of the Directors' Reports for the year ended March 31, 2009.

**A) Conservation of Energy :**

- a) Measures taken, additional investments and impact on reduction of energy consumption:

Conservation of energy continues to receive top priority in the Company, particularly in production operations. Regular plant maintenance, review of energy generation and consumption are some of the measures adopted in this regard.

- b) Total energy consumption and energy consumption per unit of production, as per Form - A of the Annexure to the Rules in respect of Industries specified in the schedule thereto:

Particulars	Year Ended 31-03-2009	Year Ended 31-03-2008
A). Power and Fuel Consumption		
► Electricity		
❖ Purchase in Unit KWH	3386102	3004740
❖ Total Amount (Rs)	22516004	18302362
❖ Rate KWH (Rs)	6.65	6.09
B). Consumption per unit of production		
❖ Production (M.T.)	8063.2	8237
❖ Total Nos. of Unit (KWH)	3386102	3004740
❖ Unit Per M.T. (KWH)	419.95	364.79
❖ Cost per M.T. (Rs)	2792.44	2221.79

**B) Technology Absorption**

The company has not taken any technology in particular or entered into any technology agreement during the period hence the information required as per Form B is not applicable to the Company.

**C) Foreign Exchange Earning And Outgo**

Particulars	Amount In Rs.
1) Foreign Exchange earned:	
Export of Goods on FOB Basis	1571798934.00
2) Foreign Exchange Outgo :	
i) Material Import on CIF Basis	1114949263.00
ii) Capital Goods Imported	78363549.00
iii) Stores & Spares	4939062.00
iv) Foreign Travel	2747883.00
v) Advertisement	2891536.00
vi) Sales Commission	28018621.00
vii) Business Development Exp.	2770701.00

**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Name of the Employee	Remuneration received in Rs.		Nature of employment whether permanent or contractual	Other terms & conditions	Nature of duties of the employee	Qualification & Experience of the employee	Date of Commencement of employment	Age of the employee	No. of Equity shares held in the company	The last employment held by such employee before joining the company
	(2008-09)	(2007-08)								
Ashok T. Shah	3648500	24,00,000	contractual	Appointment for a period of 5 years	Chairman & CEO	Graduate In the field of Finance Since Last 17 Years	01-08-05	43 Years	1070700	Own Business
Gunvant T. Shah	3648500	24,00,000	contractual	Appointment for a period of 5 years	Vice Chairman & Wholetime Director	Graduate In the field of Marketing Since Last 15 Years	01-10-06	38 Years	984600	Own Business
Kunal T. Shah	3648500	24,00,000	contractual	Appointment for a period of 5 years	Managing Director	Graduate In the field of Marketing Since Last 13 Years	29-03-06	36 Years	1023600	Own Business

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to clause 49 of the Listing Agreement)

**1. Company's Philosophy :**

The Company is committed to ethical values and self discipline through standards of good Corporate Governance involving a high level of transparency, integrity, accountability and responsibility in all areas of its operations for ensuring protection of the rights and interest of its stakeholders. In order to achieve the objective, the company continuously endeavors to improve on these aspects on an ongoing basis.

**2. Board of Directors :**

The Board of Director of the company comprises of C.E.O. & Chairman, Managing Director, Whole time Directors and Independent Directors.

The Present Strength of Board of Directors of your company is Seven Directors.

Name of the Director	Designation	Category	No. of Outside Directorship held	No. of other Outside Board Committees members	No. of Board meeting attended	Attendance at the last Annual General Meeting
Ashok T. Shah	C.E.O. & Chairman	Executive	Six	Nil	4	Yes
Gunvant T. Shah	Vice Chairman & Whole-Time Director	Executive	Six	Nil	4	Yes
Kunal T. Shah	Managing Director	Executive	Six	Nil	4	Yes
Deepak H. Shah	Director	Independent Non-Executive	Nil	Nil	4	Yes
Mahesh V. Parikh Upto 28.01.09	Director	Independent Non-Executive	Nil	Nil	3	Yes
Ketan R. Shah	Director	Independent Non-Executive	Nil	Nil	3	Yes
Bipin K. Prajapati	Whole-time Director	Executive	Nil	Nil	4	Yes
Nimesh M. Shah Upto 26.07.08	Director	Independent Non-Executive	Nil	Nil	2	No
Haren R. Desai	Director	Independent Non-Executive	Nil	Nil	2	Yes

The day-to-day management of the company is conducted by the C.E.O. subject to the supervision and control of the Board of the Directors. He is currently assisted by One Managing Director & two Whole time director.

During the financial year under review, 4 Board meetings were held on following date.

29/04/08, 26/07/08, 27/10/08, 28/01/09

The time gap between any two meetings was less than 4 months. The Board monitors the business operations.

**3. Audit Committee**

The Board of the company has constituted an Audit Committee, comprising of three Non executive Directors viz., Haren R. Desai & Ketan R. Shah are the members and Mr. Dipak H. Shah is the chairman of the committee. The terms of reference stipulated by the Board to the Audit committee covers the matters specified under clause 49 of the Listing Agreement as well as section 292A of the companies Act 1956. The Committee also act as a link between the statutory auditor, Internal Auditor and the Board of Directors. The committee meets the statutory auditor, Internal Auditor periodically and reviews the quarterly / half -yearly and annual Report of Auditor's on financial statements and discusses their findings and suggestions and seeks clarifications thereon.

Four Audit Committee Meetings were held during the year ended 31st March 2009. The dates on which Meetings held are as follows, 29th April 2008, 26th July 2008, 27th October 2008 and 28th January 2009.

The attendance of each members of the committee is given below.

Name of the Directors	No. of Audit Committee Meetings
Mr. Deepak H. Shah	4
Mr. Nimesh M. Shah	2
Mr. Ketan R. Shah	3
Mr. Haren R. Desai	2

#### 4. Remuneration of Directors

##### a) Executive Directors:

The Company has not set up a Remuneration committee. The remuneration of Executive Directors were fixed by the Board and approved by the shareholders at the Annual General Meeting. Details of remuneration paid to the Executive Directors during the financial year 2008-09 is given below:

(In Rs.)

Name	Designation	Tenure of Appointment	Salary	P.F. Contribution	Other Perks	Gross Remuneration
Ashok T.Shah	C.E.O	Five Years	3600000	45000	3500	3648500
Gurvant T.Shah	Vice Chairman - Whole-time Director	Five Years	3600000	45000	3500	3648500
Kunal T.Shah	Managing Director	Five Years	3600000	45000	3500	3648500
Bipin K. Prajapati	Whole-time Director	Five Years	900000	9360	3500	912860

##### b) Non Executive Directors :

Non-Executive Directors have not been paid any remuneration except sitting fees for attending board and committee meeting.

#### 5. Shareholders / Investor's Grievance Committee :

The Board of the company has constituted a Shareholders/investors' Grievance Committee, comprising of three Non Executive Directors viz., Dipak H. Shah & Haren R. Desai are the members and Mr. Ketan R. Shah is the chairman of the committee. The committee, interalia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee also looks into shareholders' complaints like transfer of shares, non receipts of balance sheet, Dividend etc. The committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

#### 6. General Body Meeting :

The location and time of the last three Annual General Meeting and EGM are as under:

Financial Year	AGM Date	Time	Venue	No. of special resolution
2005-06	09-09-2006	11:00 a.m.	Reg. Office	2
2006-07	13-08-2007	11:00 a.m.	Reg. Office	1
2007-08	09-09-2008	11:00 a.m.	Reg. Office	Nil

Extra Ordinary General Meeting : NIL

#### 7. Code of Conduct :

The Board of Directors has adopted the code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and members of the Senior Management.

#### 8. Disclosures :

##### a) Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

There are no materially significant related party transactions made by the Company with its promoters, Directors or Management, etc., that may have potential conflict with the interests of the Company at large.

Transactions with related parties as per requirements of Accounting Standard (AS-18) - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note No. 15 of Schedule 16 to the Accounts in the Annual Report.

##### b) Disclosure of Accounting Treatment :

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Notes to the Accounts.

##### c) Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI, Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

**9. Means of Communication :**

The Unaudited quarterly / half yearly (Unaudited) results are announced within one month from the end of the quarter / half year as stipulated under the Listing Agreement with the Stock Exchanges.

The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the Stock Exchanges have been intimated, these results are published within 48 hours in to news papers-one in English and one in Gujarati.

**10. General Share Holder Information****Financial Calendar For The Financial Year 2009-10**

a.	16th Annual General Meeting	
	- Date	3rd September, 2009
	- Time	11-00 A.M.
	- Venue	Suraj House, Opp. Usmanpura Garden, Usmanpura, Ahmedabad - 380 014.
b.	Book Closure Dates	29-08-2009 to 03-09-2009
c.	Financial Calendar	Tentative Schedule
	a). Unaudited results for quarter ending 30-06-2009	July 2009
	b). Unaudited results for half year/ quarter ending 30-09-2009	October 2009
	c). Unaudited financial results for quarter ending 31-12-09	January 2010
	d). Audited resulted for the year quarter ending 31-03-2010	April 2010 / June 2010
d.	Nos of Share Holder	1978 Share holders as on 31-03-2009
e.	Listing of Equity Shares	Stock Exchanges Mumbai,
f.	Stock Code	531638 (BSE)
g.	Demat ISIN Number in NSDL and CDSL	INE713C01016
h.	Dividend Payment	With in 30 days after declaration
i.	Web Site	<a href="http://www.surajgroup.com">www.surajgroup.com</a>

**Listing Fees :**

The company has paid listing fees of Mumbai Stock Exchange for the year 2009-10.

**Share Transfer Agent**

M/s. M.C.S. Ltd. 101, Satdal complex , 1st Floor, Opp: Bata Showroom, Ashram Road, Ahmedabad- 380 009.  
Tel: 079-26582878, Fax no: 079-26584027.

**Share Transfer System :**

The Share transfer in physical form are presently processed and the share certificates are generally returned within a period of 15 days to 21 days from the date of receipt.

**Dematerialisation Of Shares :**

Trading in Equity Shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI) Status of Dematerialization as on March 31, 2009

Particulars	No. of shares	% of Total capital
N.S.D.L.	3691745	21.70 %
C.D.S.L.	3948822	23.12 %
<b>Total</b>	<b>7640567</b>	<b>44.92%</b>

**Market Price Data :**

The monthly movement of Equity Share prices on BSE during the year is summarised below :

PERIOD	SHARE PRICE	
	HIGHEST (Rs.)	LOWEST (Rs.)
April-08	190	146
May-08	209	151
June-08	191	156
July-08	178	150
August-08	222	168
September-08	205.5	125
October-08	145	46.75
November -08	87.5	55
December-08	112.9	55
January -09	109.5	64
February-09	83.3	59
March-09	88.2	57.2

**Distribution of share holding as on March 31, 2009 :**

No. of Equity Shares held From To	No. of Shares Holders	% of Shares Holders	No. of Shares Held	% of Shares Holding
Up - 5000	1884	5.13	872834	95.2
5001 - 10000	27	1.10	187434	1.37
10001 - 20000	24	1.96	334189	1.21
20001 - 30000	7	1.04	176645	.35
30001 - 50000	12	2.73	464489	.67
50001 - 100000	4	1.68	286008	.20
100001 - 1000000	13	22.01	3741623	.65
10000001 above	7	64.35	10945878	.35
<b>Total</b>	<b>1978</b>	<b>100</b>	<b>17009100</b>	<b>100</b>

**Category of shareholders as on March 31, 2009**

CATEGORY	No. of Shares held	% of Share holding
Promoter's :	12421125	73.03
OCB	1545000	9.08
Companies	653386	3.84
Individuals/Others	2386477	14.03
NRI	3112	0.02
<b>Total</b>	<b>17009100</b>	<b>100</b>

**Plant Location :**

Kadi - Sanand Highway, Village - Thol., Taluka-Kadi,  
Dist. Mehsana, Gujrat, Pin Code 382 729.

**Address For Correspondence :**

Suraj House, Opp. Usmanpura Garden, Usmanpura,  
Ahmedabad - 380 014.

**DECLARATION**

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Suraj Stainless Limited code of Business conduct and Ethics for the year ended March 31, 2009.

**For and on behalf of the Board of Directors**

Ahmedabad

Date : 27th July, 2009

**Ashok T. Shah**

Chairman & C.E.O.

**CEO CERTIFICATION**

We Ashok T. Shah, Chairman and CEO and Kunal T. Shah Managing Director of the Company shall certify that, to the best of our knowledge and belief:

- We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report:
  - \* These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
  - \* These statements together present a true and fair view of the Company, and are in compliance with the existing Accounting standards and/or applicable laws and regulations;
- To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2009 are fraudulent, illegal or violative of the Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting; and deficiencies in the design or operation of such internal controls, if any of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- We have indicated to Auditors and Audit Committee:
  - There has not been any significant change in internal control over financial reporting during the year under reference;
  - There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Ahmedabad

Date : 27th July 2009

**Ashok T. Shah**

Chairman & C.E.O.

**Kunal T. Shah**

Managing Director



**AUDITORS REPORT ON COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE**

To  
**The Share Holders of Suraj Stainless Limited.**

We have examined the compliance of conditions of corporate governance by Suraj Stainless Ltd, for the year ended on March 31, 2009 as stipulated in clause 49 of the Listing Agreement entered in to with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied except 50% composition of Independent Directors in the Board during last quarter of the F.Y. with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended 31st March 2009, no investor grievances are pending against the Company for a period exceeding one month as per the records maintained by the Company and presented to the investors/Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For, **PANKAJ K. SHAH ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**Pankaj K. Shah**  
**Proprietor**

Place : Ahmedabad  
Date : 27th July 2009

**AUDITORS' REPORT**

To The Members,  
**M/S SURAJ STAINLESS LTD.**  
Ahmedabad.

1. We have audited the attached Balance Sheet of **M/S SURAJ STAINLESS LTD.**, as at 31st March 2009 and the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:  
We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - a) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - b) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - c) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
  - d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors of the company are prima facie disqualified as on 31st March 09 from being appointed as Directors of the company in terms of clause (g) of Section 274(1) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us the said accounts together with the notes in schedule 18 thereon, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
    - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2009.
    - ii) In the case of Profit & Loss account, of the Profit for the year ended on that date and,
    - iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For, **PANKAJ K. SHAH ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**Pankaj K. Shah (Proprietor)**  
**M. No. : 34603**

Place : Ahmedabad  
Date : 27th July 2009

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditor's report to the members of **M/S SURAJ STAINLESS LTD.** on the accounts for the year ended 31st March, 2009.

- (i)
  - (a) According to the information and explanation given to us, the fixed assets records showing full particulars including quantitative details and situation of fixed assets are under compilation.
  - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) The company has not disposed of substantial part of its fixed assets during the year.
- (ii)
  - (a) The Inventories lying with the company have been physically verified by the management to the extent practicable at reasonable interval during the year or at the year end.
  - (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion the company is maintaining proper records of inventory and according to the records of the company, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt within the books of account.
- (iii)
  - (a) According to the information & explanations given to us, the Company has not granted any secured or unsecured loans to any party listed in the Register required to be maintained under section 301 of Companies Act, 1956, Accordingly clause 4(iii), (b) (c) & (d) of the order are not applicable to the company.
  - (b) According to the information & explanations given to us, the Company has taken unsecured loans from three company to be listed in the Register required to be maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 3043.85 lacs and aggregate outstanding amount of such loan at the year end was Rs. 2086.85.
  - (c) In our opinion, the rate of interest and other terms and conditions of such loan is not prima-facie prejudicial to the interest of the company.
  - (d) In respect of the aforesaid loans, principal amount of loan are repayable on call. However, the company is regular in payment of interest.
  - (e) In respect of the aforesaid loan, there are no overdue amounts.
- (iv) In our opinion and on the basis of test checks carried out by us, it appears that there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books of account and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v)
  - (a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
  - (b) As there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, paragraph 4(v)(a)(b) of the order is not applicable.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
- (vii) Internal audit is carried out by a firm of Chartered Accountants. On the basis of the reports made by them to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the companies Act, 1956 in respect of the Company's products. As per the information and explanations provided to us, we are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, we are of the opinion that the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, Vat-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable, with the appropriate authorities in India. Based on our audit procedures and according to the information and explanations given to us, and records of the company, there are no arrears of statutory dues which has remained outstanding as at 31st March 2009 for a period of more than Six months from the date they became payable **except Service Tax of Rs. 20,085/- for F.Y. 2007-08 & Income Tax of Rs. 3,58,143/- for A.Y. 2003-04.**
- (b) According to the information and explanations given to us, and the records of the company, disputed amounts payable in respect of Income Tax and Sales Tax not deposited with the appropriate authorities are as under:

Name of Statute	Nature of Dues	Disputed AmountRs.	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	2,24,379/-	2003-04	Sales Tax Appellate Commissioner Ahmedabad.
Sales Tax Act	Sales Tax	1,40,975/-	2004-05	Jt. Commissioner of Commercial Taxes Ahmedabad.
Income Tax Act	Penalty	4,48,360/-	A.Y. 2004-05	CIT (Appeal) - XIV Ahmedabad

- (x) The Company has no accumulated losses as at 31st March 2009 and has not incurred any cash losses during the current financial year and in the immediately preceding financial year.
- (xi) According to the records of the company, and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank during the financial year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the company.
- (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank.
- (xvi) According to information and explanations given to us, in our opinion, the term loans have been applied for the purpose for which they were obtained/ raised.
- (xvii) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The company has not raised any money by way of public issues during year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company nor have we been informed of such case by the management.

For, **PANKAJ K. SHAH ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Place : Ahmedabad  
Date : 27th July 2009

**Pankaj K. Shah (Proprietor)**  
**M. No. : 34603**

**BALANCE SHEET AS AT 31ST MARCH 2009**

(Amount in Rs.)

Particulars	Schedule	As at 31-03-2009	As at 31-03-2008
<b><u>SOURCES OF FUNDS :</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	1	170091000	170091000
Reserves and Surplus	2	320022631	291883256
<b>Loan Funds</b>			
Secured Loans	3	789972160	571129008
Unsecured Loans	4	208685000	217500
<b>Deferred Tax Liability</b>		29681342	31531897
<b>APPLICATION OF FUNDS :</b>	<b>Total Rs.</b>	<b>1518452133</b>	<b>1064852661</b>
<b>Fixed Assets</b>	5		
Gross Block		796930264	646541765
Less : Depreciation		222581098	168460585
Net Block		574349166	478081180
Add : Capital Work in Progress		411089674	21375873
		985438840	499457053
<b>Current Assets, Loans and Advances</b>			
Inventories	6	382494909	348716905
Sundry Debtors	7	239703520	261654281
Cash and Bank Balances	8	22839159	66929972
Loans and Advances	9	66099466	110570737
		711137054	787871895
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	10	114860485	123789294
Provisions	11	63338896	98800423
		178199381	222589717
<b>Net Current Assets</b>		532937673	565282178
<b>Miscellaneous Expenditure</b>	12	75620	113430
(To the extent not written off or adjusted)			
<b>Total Rs.</b>		<b>1518452133</b>	<b>1064852661</b>
<b>Notes on Accounts</b>	18		

As per our report of even date attached  
**For PANKAJ K. SHAH ASSOCIATES**  
Chartered Accountants

**Pankaj K. Shah**  
Proprietor  
M. No. : 34603  
Ahmedabad.  
Date : 27-07-2009

**For & on behalf of the Board of Directors**

**Ashok T. Shah** Chairman & C.E.O.

**Kunal T. Shah** Managing Director

Ahmedabad.  
Date : 27-07-2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009**

(Amount in Rs.)

Particulars	Schedule	As at 2008-09	Year ended 2007 - 2008
<b>INCOME :</b>			
SALES & OTHER INCOME			
Sales		2427183076	2907808212
(Excise)		(132887303)	(170599365)
Net Sales		<b>2294295773</b>	<b>2737208847</b>
Other Income	13	15417650	14500426
		<b>2309713423</b>	<b>2751709273</b>
<b>EXPENDITURE :</b>			
Material Cost	14	1758563764	2099147666
Manufacturing and Other Expenses	15	253308605	256634215
Personnel Expenses	16	78456486	48241880
Interest	17	73700783	89461107
<b>Total Expenses</b>		<b>2164029638</b>	<b>2493484868</b>
<b>Profit Before Depreciation</b>		<b>145683785</b>	<b>258224405</b>
Depreciation		54541521	50282315
<b>Profit Before Tax</b>		<b>91142264</b>	<b>207942090</b>
<b>Provision for Income Tax :</b>			
Fringe Beneift Tax		689200	487558
Current Tax		32800000	68463170
Deferred Tax		(1850555)	2360152
(Refer notes : 14 of schedule 18)		<b>31638645</b>	<b>71310880</b>
<b>Profit for the year after Tax</b>		<b>59503619</b>	<b>136631210</b>
Add /(Less) : Prior Period Adjustment		(638115)	(580793)
(Short)/Excess Provision Of Income Tax		(876434)	(505372)
<b>Profit after Prior Period Adjustment</b>		<b>57989070</b>	<b>135545045</b>
Balance brought forward		232958785	134040687
<b>Profit Available for Appropriation</b>		<b>290947855</b>	<b>269585732</b>
<b>Appropriations</b>			
Statutory Reservers		2899454	6777252
Proposed dividend		25513650	25513650
Tax on dividend		4336045	4336045
<b>Balance carried forward to balance sheet</b>		<b>258198706</b>	<b>232958785</b>
<b>Earning Per Share Basic &amp; Diluted</b>		<b>3.41</b>	<b>8.03</b>
<b>(Equity Shares Of Rs. 10 Each)</b>			
Notes on Accounts	18		

As per our report of even date attached  
**For PANKAJ K. SHAH ASSOCIATES**  
Chartered Accountants

**Pankaj K. Shah**  
Proprietor  
M. No. : 34603

Ahmedabad.  
Date : 27-07-2009

**For & on behalf of the Board of Directors**

**Ashok T. Shah** Chairman & C.E.O.

**Kunal T. Shah** Managing Director

Ahmedabad.  
Date : 27-07-2009

**SCHEDULE FORMING PART OF ACCOUNTS AS AT 31ST MARCH 2009**

(Amount in Rs.)

Particulars	As at 31-03-2009	As at 31-03-2008
<b>SCHEDULE 1 : SHARE CAPITAL :</b>		
<b>Authorised :</b>		
1,80,00,000 Equity Shares of Rs.10 each	180000000	180000000
	<u>180000000</u>	<u>180000000</u>
<b>Issued, Subscribed and Paid up :</b>		
1,70,09,100 Equity Shares of Rs.10/- each fully paid	170091000	170091000
<b>Total Rs.</b>	<u>170091000</u>	<u>170091000</u>
<b>Schedule 2 : Reserves and Surplus :</b>		
<b>General Reserve</b>	26357918	26357918
Statutory Reserves		
Balance at the beginning of the year	12060553	
Add : Transfer from Profit & Loss A/c.	<u>2899454</u>	<u>12060553</u>
Share Premium	20506000	20506000
Surplus in Profit and Loss Account	258198706	232958785
<b>Total Rs.</b>	<u>320022631</u>	<u>291883256</u>
<b>Schedule 3 : Secured Loans :</b>		
<b>Term Loan :</b>		
From Bank	468012088	217216695
(Refer Note No : 06 of Schedule 18)		
<b>Short Term Loans :</b>		
Working Capital Facilities from bank		
(Refer Note No : 06 of Schedule 18)	320867478	350884853
<b>Other Loan :</b>		
Vehicle Loan	1092594	3027460
(Refer Note No : 06 of Schedule 18) <b>Total Rs.</b>	<u>789972160</u>	<u>571129008</u>
(Due For Payment With in One Year Rs.544.81 Lacs)		
<b>SCHEDULE 4 : UNSECURED LOAN :</b>		
Rent Deposit	0	217500
Inter Corporate Loan	208685000	0
<b>Total Rs.</b>	<u>208685000</u>	<u>217500</u>

Particulars		As at 31-03-2009	As at 31-03-2008
<b>SCHEDULE 6: INVESTMENT :</b>			
(As taken, valued and certified by the management)			
Raw Materials	175796622		225711708
Work In Process	66094004		43061046
Finished Goods	39296706		18841187
Advance Licences	66384606		24000000
DEPB Incentive	11815695		0
Stores and Spares	4892606		5556855
Goods in Transit	10301037		25364109
Scrap	7913633		6182000
<b>Total Rs.</b>		<b>382494909</b>	<b>348716905</b>
<b>SCHEDULE 7: SUNDRY DEBTORS :</b>			
(Unsecured ; considered good)			
- Outstanding for more than six months	0		757144
- Others	239703520		260897137
<b>Total Rs.</b>		<b>239703520</b>	<b>261654281</b>
<b>Schedule 8: Cash and Bank :</b>			
Cash on hand		236474	799273
Balance with Schedule Banks :			
In Current A/c	797565		29593828
In Deposit Account for Margin Money	21805120		36536871
		22602685	66130699
<b>Total Rs.</b>		<b>22839159</b>	<b>66929972</b>
<b>Schedule 9: Loans and Advances :</b>			
(Unsecured, considered good)			
Deposits	6865053		7000311
Loan to Staff and Others	706545		167800
Balance with Central Excise	12521651		22337897
Advance Tax & TDS	36882063		62304108
Advances Recoverable in Cash or in kind or for value to be received	9124154		18760621
<b>Total Rs.</b>		<b>66099466</b>	<b>110570737</b>
<b>Current Liabilities &amp; Provisions :</b>			
<b>Schedule 10: Current Liabilities :</b>			
Sales Tax (Payable under Defferement Scheme)		4034758	8100440
Creditors For Goods	48989936		53076203
Creditors For General Expense	22314796		23643148
Advance from Customers	27916783		8882556
Provision For Expenses	11020294		29908142
UnClaimed Dividend	583918		178805
		110825727	115688854
<b>Total Rs.</b>		<b>114860485</b>	<b>123789294</b>

**SCHEDULE 5 : FIXED ASSETS**

	Gross Block				Depreciation				Net Block	
Description of Assets	As at 01-04-08 Rs.	Addition During the Year Rs.	Deduction During the Year Rs.	As at 31-03-09 Rs.	Upto 01-04-09 Rs.	For the Year Rs.	Deduction During the Year Rs.	Upto 31-03-09 Rs.	As at 31-03-09 Rs.	As at 31-03-08 Rs.
Land & site Development	12949963	130213337	0.00	143163300	0.00	0.00	0.00	0.00	143163300	12949963
Factory Building	142693572	0.00	0.00	142693572	12049902	4765965	0.00	16815867	125877705	130643670
Office Premises	20566299	812856	0.00	21379155	1615359	705975	0.00	2321334	19057821	18950940
Plant & Machinery	372409412	11561290	0.00	383970702	130894125	38953227	0.00	169847352	214123350	241515287
Furniture Fixture Office Equipments	14480453	4734632	0.00	19215085	3106810	1091493	0.00	4198303	15016782	11373643
Computer	5624710	1933295	0.00	7558005	3737658	1060079	0.00	4797737	2760268	1887052
Vehicle	18330634	1876797	743708	19463723	4738129	1813855	421008	6130976	13332747	13592505
Wind Mill	59486722	0.00	0.00	59486722	12318602	6150927	0.00	18469529	41017193	47168120
<b>Total Rs.</b>	<b>646541765</b>	<b>151132207</b>	<b>743708</b>	<b>796930264</b>	<b>168460585</b>	<b>54541521</b>	<b>421008</b>	<b>222581098</b>	<b>574349166</b>	<b>478081180</b>
WIP		388072527		388072527						
Preoprative Exp.		23017147		23017147						
<b>Total</b>	<b>646541765</b>	<b>561899181</b>	<b>743708</b>	<b>1207697238</b>	<b>168460585</b>	<b>54541521</b>	<b>421008</b>	<b>222581098</b>	<b>574026466</b>	<b>478081180</b>



Particulars		As at 31-03-2009	As at 31-03-2008
<b>Schedule 11 : Provisions :</b>			
Provision for Income Tax	33489201		68950728
Dividend for the Year	25513650		25513650
Dividend Tax	4336045	63338896	4336045
<b>Total Rs.</b>		<b>63338896</b>	<b>98800423</b>
<b>Schedule 12: Miscellaneous Expenditure :</b>			
(To the extent not written off)			
<b>Preliminary Expenses :</b>			
Less: Written Off during the Year	113430		151240
	37810		37810
		<b>75620</b>	<b>113430</b>
<b>Schedule 13 : Other Income :</b>			
<b>Other Income :</b>			
Income Tax Refund	4051		0
Insurance Claim (Purchase)	78474		0
Insurance Claim (Sales)	908632		0
Service Tax Refund	1920775		0
Currency Rate Fluctuation	29197		0
Doller Hedging	0		194711
Misc. Income	360120		0
Dividend Income	0		350
Sundry Balabnce Written Off	0		564529
Interest (TDS Rs. 548258)	3129903		3663679
Power Generation Income	8623998		9605907
Rent Income (TDS Rs. 28935)	125000		162500
Lease Rent Income (TDS Rs. 25440)	237500		308750
<b>Total Rs.</b>		<b>15417650</b>	<b>14500426</b>
<b>Schedule 14 : Material Cost :</b>			
<b>Opening Stock :</b>			
Finished Goods	18841187		20705222
Work in Process	43061046		46554011
Scrap	6182000		2122960
Advance Licences	24000000		10078438
		<b>92084233</b>	<b>79460631</b>
<b>Raw Material Consumed :</b>			
Opening Stock	225711708		275830586
Add: Purchases	<b>1808069089</b>		<b>2061652390</b>
	2033780797		2337482976
Less: Closing Stock	<b>175796622</b>		<b>225711708</b>
	<b>1857984175</b>		<b>2111771268</b>
<b>Closing Stock</b>			
Finished Goods	39296706		18841187
Work in Process	66094004		43061046
Scrap	7913633		6182000
Advance Licences	78200301		24000000
	<b>191504644</b>		<b>92084233</b>
<b>Total Rs.</b>		<b>1758563764</b>	<b>2099147666</b>

Particulars	As at 31-03-2009	As at 31-03-2008
<b>Schedule 15 : Manufacturing and Other expenses :</b>		
<b>Manufacturing Expenses :</b>		
Store Materials Consumed	25022110	12500002
Acid, Chemicals & Gases	15129787	15610211
Power & Fuel	44351815	37564875
Job-Work Charges (R/M)	668499	7545058
Repairs & Maintenance :		
Building :	615479	119175
Plant & Machinery:	9066299	10091098
Others	<u>572388</u>	<u>537881</u>
	<b>10254166</b>	<b>10748154</b>
Packing Material Consumed	9346942	16578540
Transportation & Cartage	<u>6849560</u>	<u>6673401</u>
	<b>111622879</b>	<b>107220241</b>
<b>Other Expenses :</b>		
Travelling, Conveyance and Vehicle Expenses	7948206	5685843
Insurance Charges	1804968	2363379
Rates & Taxes	735225	300976
Sales Tax	25086197	25603907
Audit Fees	386050	350000
Bank Charges	15886147	18272730
Professional Charges	3485105	9940700
Legal & Licence Expenses	291579	3190299
Communication Expenses	1883110	2001984
Advertisement Expenses	3807055	3984469
Stationary/Xerox	1067763	787777
Loss on Sale of Vehicle	122700	0
Business Development Exp.	6822443	5111460
Commission on Sales	28018621	25117862
Donation	357900	11053
General Expenses	3720965	4462363
R.O.C. Filling Fees	8700	17084
Miscellaneous Exp. Written Off	37810	37810
Clearing & Forwarding Expenses	40215182	41729678
Loss on Sale of Share	<u>0</u>	<u>444600</u>
	<b>141685726</b>	<b>149413974</b>
<b>Total Rs.</b>	<b><u>253308605</u></b>	<b><u>256634215</u></b>
<b>Schedule 16 : Personnel Expenses :</b>		
Salaries ,Wages, and Bonus	71263930	43184023
Contribution to Provident & Other Funds	1289460	2134866
Staff Welfare	<u>5903096</u>	<u>2922991</u>
<b>Total Rs.</b>	<b><u>78456486</u></b>	<b><u>48241880</u></b>
<b>Schedule 17 : Interest :</b>		
Bank	50024100	55670868
Term Loan	23481844	27083590
Others	<u>194839</u>	<u>6706649</u>
<b>Total Rs.</b>	<b><u>73700783</u></b>	<b><u>89461107</u></b>

**SCHEDULE - 18****NOTES TO THE ACCOUNTS****Schedules Forming Part of The Accounts For The Year Ended 31st March 2009****1. Significant Accounting Policies :****A) Preperation of Financial Statement**

- i) The financial statements are prepared under historical Cost convention on Accrual Basis in accordance with applicable accounting standard issued by the Institute of Chartered Accountants of India and on the basis of a going concern.
- ii) The Company adopts accrual concept in preparation of accounts. Claims /refunds not ascertainable with reasonable certainty are accounted on final settlement. Leave Encashment is accounted as and when incurred and claimed.

**B) Fixed Assets :****(i) Fixed Assets :**

Fixed assets are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Direct costs are capitalized till the assets are ready to be put to use. Interest on borrowings, wherever applicable, attributable to new projects is capitalized and included in the cost of fixed assets as appropriate.

**(ii) Depreciation :**

Depreciation on fixed assets is charged on the Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on Plant & Machinery of the Company is charged for Triple Shift.

**C) Borrowing costs :**

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset, till the asset is ready for use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

**D) Inventories :**

- a) Raw Materials: Valued at cost or Market value which ever is lower.
- b) Work-in-Progress is valued at cost plus direct cost, manufacturing overheads and other related cost.
- c) Finished goods are valued at cost or net realizable value whichever is lower. The cost includes cost of production and other appropriate overheads.
- d) Goods in Transits : At Cost.
- e) Stores and Spares are valued at cost.
- f) Scrap is valued at estimated realisable value.

**E) Revenue Recognition :**

Sales are recognised when goods are invoiced on dispatch to customers and sales (Gross) are recorded inclusive of excise, value added tax and net of Sales return/ Trade discount. if any, Export sales is recognized at the time of dispatch.

**F) CENVAT Credit :**

The CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head "Loans and Advances"

**G) Employee Benefits :**

- (a) Provision for gratuity and leave encashment is made on the basis of actuarial valuation at the end of the year in conformity with the Accounting Standard - 15. Actuarial gains or losses are recognized to the profit and loss account.
- (b) Contribution to Provident Fund and Superannuation is accounted for on accrual basis.

**H) Foreign Exchange Transactions :**

Foreign currency transactions are recorded at the exchange rates prevailing on date of the respective transactions.

Exchange differences arising on foreign currency transactions settled during the year are recognized in

the profit and loss A/c except in respect of fixed assets where exchange variance is adjusted to the cost of the respective fixed assets.

Monetary items denominated in foreign currencies at the year-end and not covered under forward exchange contracts are translated at year-end rate.

**I) Export Benefits :**

The Company accounts for Export Benefits under duty exemption Advance License Scheme of the Government of India, in the year of Export of Goods.

Further the export benefits for advance license during the year are adjusted to cost of Imported material and for pending advance licenses at the end of the year are accounted as stock in hand.

Income in respect of Duty Entitlement Passbook (DEPB) in respect of exports made during the period are accounted on accrual basis. Profit or Loss on transfer of DEPB Licenses are accounted in the year of sales.

**J) Amortization of Miscellaneous Expenditure :**

Preliminary expenses has been amortized over a period of five years in equal installments.

**K) Income Tax Expenses :**

- Income tax expenses comprise current tax and deferred tax charge or credit.

- Current Tax

The current charge for income taxed is calculated in accordance with the relevant tax regulations applicable to the company.

- Deferred tax

Deferred Tax charge or credit reflects the tax effects of timing differences between accounting Income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date as per the Accounting Standard - 22.

**L) Impairment of assets :**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

**M) Prior Period Adjustment :**

Expenses and income pertaining to earlier/previous years are accounted as prior period items.

**N) Deferred Sales Tax :**

The Company is eligible for sales tax deferment benefit under capital incentive scheme of 1995-2000 of state government. Sales tax collected on sales and eligible under the said scheme is accounted separately and shown in the group of current liabilities.

**O) Earning Per Share :**

In determining earning per share, the company considers the net profit after tax and includes the post-tax effect of any extra ordinary items. The number of shares used in computing basic earning per shares is the weighted average number of shares outstanding during the period.

**2. Provisions and Contingent Liabilities :**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of that obligation. Contingent Liabilities which are considered significant and material by the company are disclosed in the Notes to Accounts

**3. Contingent liabilities not provided for :**

Demand of Rs. 2,24,379/- raised by Sales Tax authorities, for the accounting year 2003-04 which is disputed by the Company.

Demand of Rs. 1,40,975/- raised by Sales Tax authorities, for the accounting year 2004-05 which is disputed by the Company.

Demand of Rs. 9,11,830/- raised by Income Tax authorities, for penalty for Assessment year 2003-04 in which the department is in Appeal.

Demand of Rs. 4,48,360/- raised by Income Tax authorities, for penalty for Assessment year 2004-05 which is disputed by the Company.

Service Tax Demand of Rs. 5,06,038/- for F.Y. 2006-07 and Rs. 5,45,248/- for F.Y. 2007-08 raised by the Excise Department.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts (net of advances) NIL (Previous Year Rs. 298.48 lacs)
5. In terms of accounting policy (J) for the accounting of export incentives, estimated benefit of Rs 663.85 Lacs have been taken in to account under DES Schemes. Steps are being taken to import raw materials and utilize the same.

**6. Securities :**

- a) Term Loan of Rs.6150.00 Lacs availed from Punjab National Bank is secured by way of first charge over company's block of assets including all the immovable properties, both present and future situated at Survey No. 771,772,773,774,777 & 779/A, at Village Thol, Tal. Kadi, Dist. Mehsana and also on land situated at Survey No. 767/2 at Village Vanku Moti Sondholli Dist. Kutch and personal guarantees of promoter Directors of the Company viz. Ashokbhai T. Shah, Kunalbhai T. Shah & Gunvantbhai T. Shah and corporate guarantee of M/s. Suraj Impex Pvt. Ltd. Further the said Loan will be collaterally secured by way of second pari-passu charge on current assets of the company with SBI.
- b) The working capital Limits from Punjab National Bank and State Bank of India are secured against Hypothecation of Raw Materials, Finished and Semi-finished Goods, Stores and spares, Book Debts of the company and personal guarantees of promoter Directors of the Company viz. Ashokbhai T. Shah, Kunalbhai T. Shah & Gunvantbhai T. Shah and corporate guarantee of M/s. Suraj Impex Pvt. Ltd. It is further secured by Second charge on block of Assets of the Company both movable and immovable except Office Building.
- c) Term Loan of Rs. 2 Crore from AXIS Bank Ltd. is secured by way of first charge over company's office building & furniture fixture & equipment therein, both present and future situated at Suraj House Opp. Usmanpura Garden, Usmanpura, Ahmedabad - 14.
- d) Other Loan is secured by hypothecation of cars and other vehicles..

**7. Particulars of Managerial Remuneration :**

As fixed monthly remuneration has been paid to the Directors' as per Schedule XIII of the Companies Act, 1956, the company has not computed net profit for the purpose of Managerial remuneration under section 349 of the Companies Act, 1956.

Managerial Remuneration paid to Managing Director and Whole Time Directors is Rs. 1,17,00,000 /- (previous year Rs. 81,00,000/-) included in salaries & wages.

**8. Amount Paid / Payable to Auditors :**

Sl	Particulars	2008-2009	2007-2008
a)	Audit Fees	3,08,840	3,14,608
b)	Tax Audit Fees	77,210	78,652
c)	For other works	2,23,690	1,68,540
	Total	6,09,740	5,61,800

9. In the opinion of the Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and provision for all known and determined liabilities (except wherever otherwise stated) are adequate and not in excess of the amount reasonably necessary.
10. Balances under Sundry Debtors, Sundry Creditors, Loans & Advances are subject to confirmation and reconciliation with the respective parties/ concerns. Necessary adjustment if any, thereon having an importance of revenue nature, will be made in the year of such confirmation / reconciliation.
11. Capital work in Progress includes preoperative expenditure pending allocation to a project under implementation are as under:

(Rs. in Lacs)

Preoperative Expenses	2008-09	2007-08
Managerial Remuneration	900000	--
Staff Salary	1197420	--
Term Loan Interest & Documentation Charges	19919727	1000000

**12. Employee Benefits :**

As per Accounting standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below :

**1) Gratuity (defined benefit plans)**

The Company has defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

**2) Leave wages (long term employment benefit)**

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age

Particulars	Privilege Leave (non funded)	Gratuity (funded)
<b>Change in the present value of the defined benefit obligation.</b>		
Opening defined benefit obligation	121641	1938665
Interest cost	9610	153155
Current service cost	63046	441124
Benefits paid	(66650)	(67024)
Actuarial (gain) / lossess on obligation	112128	43664
Closing defined obligation	239775	2509584
<b>Change in the fair value of plan asset</b>		
Opening fair value of plan asset	--	1248554
Expected return on plan asset	--	130648
Contribution by employer	--	359998
Benefits paid	--	(67024)
Actuarial (gain) / (loss)	--	(17445)
Closing Balance of fair value of plan assets	--	1654731
<b>Amount recognized in the balance sheet</b>		
(Assets)/liability at the end of the year	239775	2509584
Fair value of plan assets at the end of the year	--	1654731
Difference	239775	854853
Unrecognized past service cost	--	--
(Assets)/liability recognized in the balance sheet	239775	2509584
<b>Income/expense recognized in the profit and loss account statement</b>		
Current service cost	63046	441124
Interest cost on benefit obligation	9610	153155
Expected return on plan assets	--	(130648)
Net actuarial (gain) / loss in the period	112128	61109
Net Expenses	184784	524740
<b>Movement in net liability recognized in balance sheet</b>		
Opening net liability	121641	690111
expenses as above (p&l charge)	184784	524740
Employers contribution	(66650)	(359998)
(Assets)/liability recognized in the balance sheet	239775	854853
<b>Principal actuarial assumption as at balance sheet date</b>		
Discount Rate	7.9%	7.9%
Expected rate of return on the plan assets	0.0%	9.0%
Annual increase in salary cost	6.0%	6.0%
The categories of plan assets as % of total plan assets are with insurance company	0.0%	100.00%

**13. Segment Reporting :****a) Primary Segment :**

The Company's operations predominantly relates to a single segment namely "Stainless Steel Tubes & Pipes" which as per Accounting Standards 17 is considered the only reportable business segment.

**b) Secondary Segment :**

Secondary Segment is geographical, which is determined on the basis of location of the customer, is classified as either domestic or overseas and the same is as under :

(Rs. in Lacs)

Sales	2008-09	2007-08
<b>Domestic Sales</b>	<b>6,764.53</b>	<b>6,479.05</b>
<b>Export Sales</b>	<b>*16,178.42</b>	<b>**20,893.04</b>
<b>Total</b>	<b>22,942.95</b>	<b>27,372.09</b>

**Note :** Since income from power generation is set off against Electricity Exp., it is not treated as a separate segment.

**14. Earning per share (EPS) :**

Sr. No.	Particulars	2008-2009	2007-2008
a)	Net Profit after Tax available for Equity Shareholders (Rupees)	5,79,89,070	13,66,31,210
b)	Weighted average number of Shares at the beginning Bonus Shares / Preferential shares issued during the year 2007-2008.	1,70,09,100	56,69,700 1,13,39,400
c)	Weighted average number of shares	1,70,09,100	1,70,09,100
d)	Basic and Diluted Earning per Share (Rupees)	3.41	8.03

15. In compliance with the Accounting Standard 22 relating to "Accounting for Taxes on Income" issued by the institute of Chartered Accounting of India, the Company has recognized the deferred tax liability in the accounts of current year as under :-

Particulars	Balance as on 01-04-08	Adjusted During the year	Balance Carried as on 31-03-09
<b>A) Deferred Tax Liabilities:</b>			
On account of timing difference in Depreciation	3,15,31,897.00	(18,50,555.00)	2,96,81,342.00
<b>Net Deferred Tax Liability</b>	<b>3,15,31,897.00</b>	<b>(18,50,555.00)</b>	<b>2,96,81,342.00</b>

16. As required by Accounting Standard 18 issued by Institute of Chartered Accountants of India relating to Related Party Disclosure, information is as under:

a) Related parties and nature of relationship

\* **Directors of the Company :**

- 1 Shri Ashok T. Shah
- 2 Shri Guntant T. Shah
- 3 Shri Kunal T. Shah
- 4 Shri Bipin K. Prajapati
- 5 Shri Ketan R. Shah
- 6 Shri Dipak H. Shah
- 7 Shri Haren R. Desai
- 8 Shri Mahesh V. Parikh
- 9 Shri Nimesh N. Shah

\* **Associate Companies :**

- 1 Suraj Impex Pvt. Ltd.
- 2 Suraj Limited
- 3 Suraj Enterprise Limited
- 4 Suraj Retail Pvt. Ltd.
- 5 Suraj Star Trading Pvt. Ltd.
- 6 Suraj Commodities Pvt. Ltd.

- (b) Transactions that have taken place during the period April 1, 2008 to March 31, 2009 with related parties by the company.

Name of the Related Parties with whom the transaction have been made	Description of Relationship with the party	Nature of Transaction	Amount 2008-09 (Rs.) in Lacs.	Amount Outstanding as on 31-03-09 (Rs.) in Lacs.
Suraj Limited	Associate Company	Temporary Adv. Taken Temporary Ad. Given	3892.85 1806.00	2086.85
Shri Ashok T. Shah	Chairman & C.E.O.	Remuneration P. F. Contribution Bonus	36.00 0.45 0.035	2.19
Shri Guntant T. Shah	Vice Chairman & Whole	Remuneration P. F. Contribution Bonus	36.00 0.45 0.035	2.18
Shri. Kunal T. Shah	Managing Director	Remuneration P. F. Contribution Bonus	36.00 0.45 0.035	2.18
Shri Bipin K. Prajapati	Whole Time Director	Remuneration P. F. Contribution Bonus	9.00 0.0936 0.035	0.74
Shri Dipak H. Shah	Non Executive Director	Sitting Fees	0.10	--
Shri Mahesh V. Parikh	Non Executive Director	Sitting Fees	0.075	--
Shri Ketan R. Shah	Non Executive Director	Sitting Fees	0.075	--
Shri Nimesh N. Shah	Non Executive Director	Sitting Fees	0.050	--
Shri Haren R. Desai	Non Executive Director	Sitting Fees	0.050	--

Related party relationship is as identified by the management and relied upon by the auditors.

17. Information pursuant to the provisions of para 3, 4C and 4D of Part- II of Schedule VI of the Companies Act, 1956,

As certified by the management and relied upon by the auditors.

**a) Installed capacity & Actual production**

Qty. In MT

Particulars of Capacity	2008-2009	2007-2008
• Licensed Capacity	N.A.	N.A.
• Installed Capacity		
• Welded Tubes & Pipe	4400MT	4400MT
• Seamless Tubes	4400MT	4400MT
<b>Total</b>	<b>8800MT</b>	<b>8800MT</b>

**b) Details of Opening & Closing Stocks**

(Qty in M.T./Value in Lacs)

Sr. No.	Particulars	Opening Stock				Closing Stock			
		2008-2009		2007-2008		2008-2009		2007-2008	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
1	S.S. Strips Coils, Pipe & Round bar	985.68	2257.12	1300.259	2758.30	952.015	1812.98	985.68	2257.12
2	S.S. Pipe Tubes	70.718	188.41	89.854	207.05	89.902	367.89	70.718	188.41
3	S.S. Scrap	61.82	61.82	26.537	21.22	126.435	115.24	61.82	61.82
4	W.I.P.	185.197	430.61	205.557	465.54	357.979	594.89	185.197	430.61

**c). Details of Production and Sales**

(Qty in M.T./Value in Lacs)

Sr. No.	Particulars	Production		Sales		Sales	
		2008-2009	2007-2008	2008-2009		2007-2008	
		Qty in Mt.	Qty in Mt.	Qty in Mt.	Value	Qty in Mt.	Value
01	S.S. Pipe & Tubes	5865.092	6433.045	5845.908	20849.404	6452.181	27131.93
02	S.S. Scrap	2198.107	1804.388	2133.592	2021.13	1769.105	1946.14

**d) Details of Raw Material and Stores & Spares Consumed.**

(Qty. in M.T./Value in Lacs)

Sr. No.	Item	2008-2009		2007-2008	
		Rs. in Lacs		Rs. in Lacs	
		Qty. in MT	Value	Qty. in MT	Value
	<b>Raw Material :</b>				
01	S.S. Scrap Coil & S.S. Pipes / Tubes				
	Indigenous	3712.451	10711.48	2520.476	5540.27
	Imported	5065.054	7825.36	6039.400	15577.44
	<b>Total</b>	<b>8777.505</b>	<b>18536.84</b>	<b>8559.876</b>	<b>21117.71</b>
02	<b>Stores &amp; Spares</b>				
	Indigenous	0	109.95	0	125
	Imported	0	44.88	0	0
	<b>Total</b>		<b>154.83</b>		<b>125</b>

**18. Details of imported and indigenous Materials Consumed :**

(Qty. in M.T.)

Particulars	2008-2009		2007-2008	
	Qty. (M.T.)	% of Total Consumed	Qty. (M.T.)	% of Total Consumed
Indigenous	3712.451	42.30 %	2520.476	29.45 %
Imported	5065.054	57.70 %	6039.400	70.55 %
<b>Total</b>	<b>8777.505</b>	<b>100.00 %</b>	<b>8559.876</b>	<b>100.00 %</b>



**19. Value of Imports on C.I.F. Basis** (Amount in Rs.)

Particulars	2008-2009	2007-2008
Raw Material (Rs)	1114949263.00	1454517483.00
Capital Goods	78363549.00	17991829.00
Stores	4488474.00	--

**20. Expenditure in Foreign Exchange** (Amount in Rs.)

Particulars	2008-2009	2007-2008
Traveling Expenses (Rs)	2747882.00	2074131.00
Sales Commission (Rs)	28018621.00	25117862.00
Advertisement (Rs)	2891536.00	2630488.00
Business Development(Rs.)	27,70,700.00	1717436.00

**21. Earning in Foreign Exchange**

Particulars	2008-2009	2007-2008
Export Sales (F.O.B. Value Rs.)	1571798934.00	2059447166.00

**22. Dividend remitted to Non Resident :**

Number of Shareholders	1
Number of Shares held	15,45,000
Net amount of dividend remitted	
- Final dividend for the year 2007-08	Rs. 2317500.00 \$ 50,844.67

**23.** The Company has not received any information from 'Suppliers' regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.

**24.** Schedule 1 to 18 will form part of the Balance Sheet as at 31st March, 2009

**25.** Previous year's figures have been regrouped/reclassified and/or rearranged wherever considered necessary.

**26.** Particulars as required in part IV to schedule VI is annexed herewith.

**Signature to Schedule 1 to 18**

As per our report of even date.

**For PANKAJ K. SHAH ASSOCIATES**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Pankaj K. Shah**  
Proprietor

**Ashok T. Shah** Chairman & C.E.O.

**Kunal T. Shah** Managing Director

Ahmedabad.  
Date : 27-07-2009

Ahmedabad.  
Date : 27-07-2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

(Pursuant to the Listing Agreement with Stock Exchanges)

	Year Ended 31-03-2009 (Rs. In Lacs)	Year Ended 31-03-2008 (Rs. In Lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before taxation and extraordinary items	911.42	2079.42
<b>Adjustment for -</b>		
Depreciation	545.41	502.82
Misc. Expenditure W/Off	0.38	0.38
Interest Expenses	737.00	894.61
Interest Income	-31.30	-36.64
Loss / (Profit) on Sale of Vehicle	1.23	4.45
Accounts Written off	2.94	-5.65
	<b>1255.66</b>	<b>1359.97</b>
<b>Operating Profit Before Working Capital Changes</b>	<b>2167.08</b>	<b>3439.39</b>
<b>Adjustment for -</b>		
Trade and Other Receivables	410.00	-244.06
Inventories	-219.62	1947.31
Trade and Other Payables	-89.28	-1233.42
	<b>101.10</b>	<b>469.83</b>
Cash Flow Before Extra Ordinary Items	<b>2268.18</b>	<b>3909.22</b>
Extra Ordinary Items (Prior period Adjustment)	-6.38	-10.86
Income Tax paid	-332.71	-602
Income Tax previous Year	8.76	0
FBT & Wealth Tax	-13.15	-1.05
<b>A Net Cash Flow from operating Activities</b>	<b>1907.18</b>	<b>3295.31</b>
<b>B Cash flow From Investing activities :</b>		
Purchase of Fixed Assets	-5618.99	-1002.19
Sales of Fixed Assets / Investment	2.00	0.49
Interest Income	31.30	36.64
<b>Net Cash Flow from investing activity</b>	<b>-5585.69</b>	<b>965.06</b>
	<b>-3678.51</b>	<b>2330.25</b>
<b>C Cash flow from financing activities :</b>		
Repayment of Financial Institution Loan	-19.34	-107.7
Proceeds / Repayment from Lease Finance	2507.95	-14.66
Bank Borrowing for working capital unsecured loan	-300.18	-507.75
dividend paid	2084.67	-494.67
div tax	-255.14	-85.05
Interest paid	-43.36	-14.45
	-737.00	-894.61
<b>Net Cash Flow From Financing Activities</b>	<b>3237.60</b>	<b>-2118.89</b>
<b>Net Increase in Cash &amp; Cash Equivalents.</b>	<b>-440.91</b>	<b>211.36</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>669.30</b>	<b>457.94</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>228.39</b>	<b>669.30</b>

Note : The above Cashflow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the institute of Chartered Accountants of India.

**For PANKAJ K. SHAH ASSOCIATES**  
Chartered Accountants

**Pankaj K. Shah**  
Proprietor  
(M.N. 34603)

Ahmedabad.  
Date : 27.7.2009

**For and on behalf of the Board of Directors**

**Ashok T. Shah** Chairman & C.E.O.

**Kunal T. Shah** Managing Director

Ahmedabad.  
Date : 27.7.2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Submitted in terms of part IV and schedule VI to the Companies Act, 1956.)

<b>1 REGISTRATION DETAILS</b>		
Registration No.	:	21088
State Code	:	04
Date of Balance Sheet	:	31-03-2009
		Year Ended 31.03.2009
<b>2 CAPITAL RAISED DURING THE YEAR</b>		
		Rs. in Lacs
Public Issue		Nil
Right Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
<b>3 POSITION OF MOBILIZATION &amp; DEPLOYMENT OF FUNDS</b>		
Total Liabilities		15184.52
Total Assets		15184.52
<b>a) Sources of Funds</b>		
Paid up Capital		1700.91
Reserve & Surplus		3200.23
Secured Loans		7899.72
Unsecured Loans		2086.85
Deferred Tax Liability		296.81
Total		15184.52
<b>b) Application of Funds</b>		
Net Fixed Assets		5743.49
Capital Work in Progress		4110.90
Net Current Assets		5329.38
Investments		Nil
Miscellaneous Expenditure		0.75
Total		15184.52
<b>4 PERFORMANCE OF COMPANY</b>		
Total Income		23097.13
Total Expenditure		22185.71
Profit Before Tax		911.42
Profit After Tax		595.04
Less : Prior Period Adjustment		15.15
Net Profit		579.89
Earning Per Share (Rs.)		3.41
Dividend rate % (Proposed)		15.00
<b>5 GENERIC NAME OF TWO PRINCIPAL PRODUCTS OF THE COMPANY</b>		
Item Code No.	:	7306.90
Product Description	:	Stainless Steel Welded Pies/Tubes
Item Code No.	:	7304.90
Product Description	:	Stainless Steel Seamless Pies/Tubes

For and on behalf of the Board of Directors

**Ashok T. Shah**  
Chairman & C.E.O.

**Kunal T. Shah**  
Managing Director

Place : Ahmedabad  
Date : 27th July 2009

**SURAJ** STAINLESS LIMITED

[AN ISO - 9001 COMPANY]

Suraj House, Opp. Usmanpura Garden,  
Usmanpura, Ahmedabad - 380 014.

Clint ID	
DP ID	

L. F. No.	
No. of Shares Held	

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slip on Request.

Name and Address of the Shareholder : .....

I hereby record my presence at the Sixteen Annual General Meeting of the Company held on Thursday, 3rd September 2009, at 11-00 a.m. at Suraj House, Opp. Usmanpura Garden, Usmanpura, Ahmedabad - 380 014.

SIGNATURE OF THE SHAREHOLDER / PROXY

Strike out whichever is not applicable

----- Tear Here -----

## PROXY FORM

**SURAJ** STAINLESS LIMITED

[AN ISO - 9001 COMPANY]

Suraj House, Opp. Usmanpura Garden,  
Usmanpura, Ahmedabad - 380 014.

Clint ID	
DP ID	

L. F. No.	
No. of Shares Held	

I/We..... of .....being a member/members of the SURAJ STAINLESS LTD. hereby appoint ..... of ..... or failing him .....of .....as my/our proxy to vote for me/us and on my/our behalf at the Sixteen Annual General Meeting to be held on Thursday, 3rd September 2009, at 11-00 a.m. at Suraj House, Opp. Usmanpura Garden, Usmanpura, Ahmedabad - 380 014. or at any adjournment there of.

Signed this day ..... of ..... 2009

Affix 1 Rupees Revenue Stamp
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NOTE : The Proxy must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company

# QUALITY

The products are manufactured and tested to various International Standards under strict supervision by qualified and experienced technocrats.

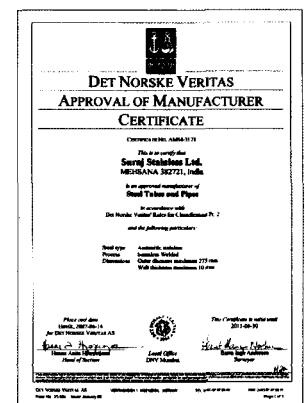
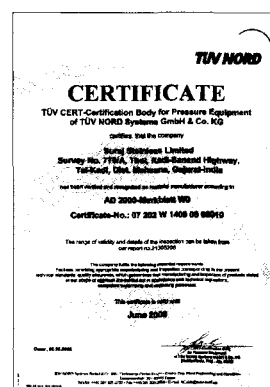
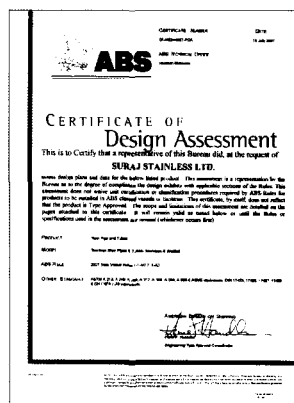
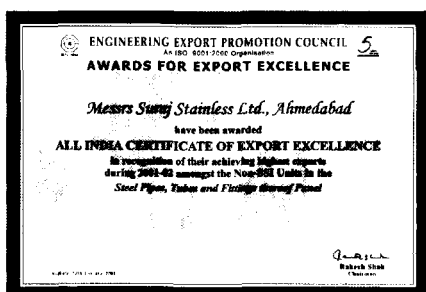
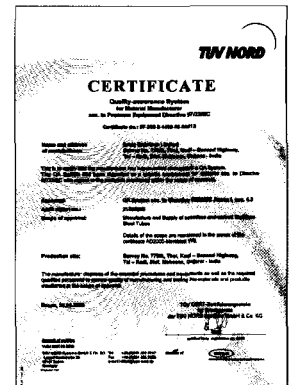
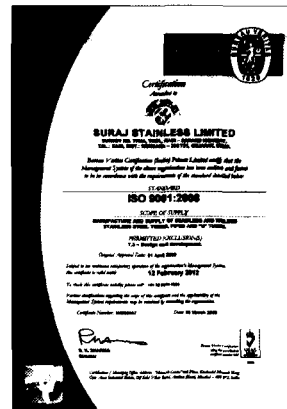
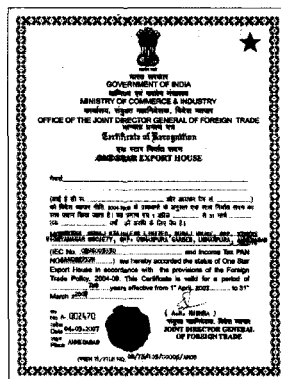
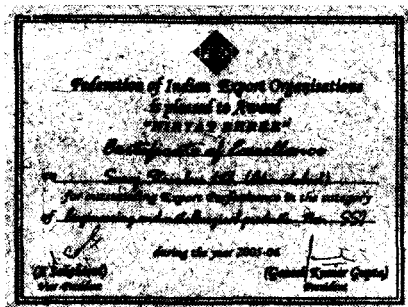
Our Quality system is certified / Approved as per ISO 9001-2000, AD 2000 MERKBLATT W0 & Pressure Equipment Directive [PED] 97/23/EC requirement.

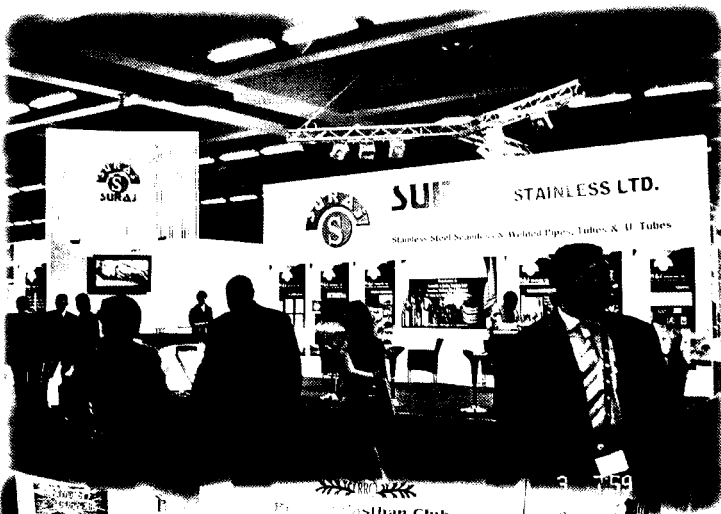
All products are supplied duly certified in acc with 3.1 & 3.2 and also approved by National and International reputed third party Inspection agencies and Customers, such as.

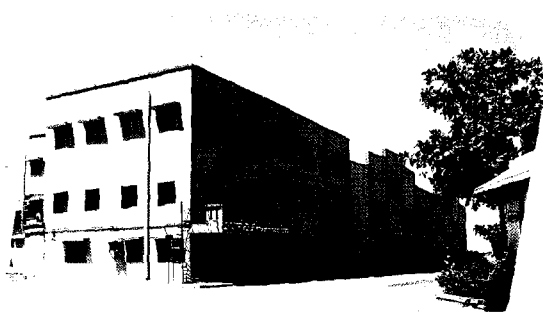


## RECOGNITION & APPROVALS

Highest Export Certificate Awarded by Ministry of Commerce and Industry







Welded Pipe Division



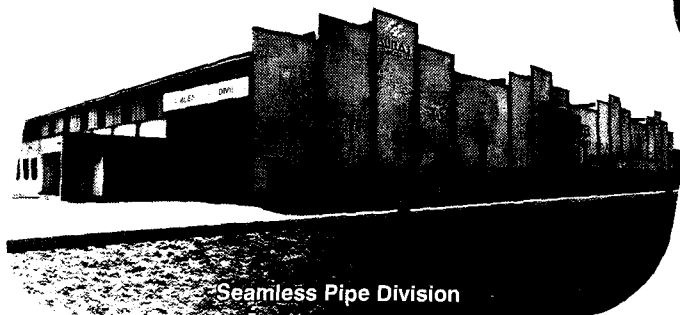
Corporate House



Mother Pipe Division



Seamless Tube Division



Seamless Pipe Division



# **SURAJ** STAINLESS LTD.

**Regd. Office :**

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Opp. Usmanpura Garden, Ashram Road,  
Ahmedabad - 380 014. Gujarat (India)  
Phone : 0091-79-2754 0720 /2754 0721  
Fax : 0091-79-2754 0722  
E-mail : export@surajgroup.com

**Mumbai Office:**

Kanji Mansion, Block No.3, 1st Floor,  
311 / 317, S. V. P. Road, Mumbai - 400 004. (India)  
Phone : 0091-22-2389 1649, 2389 1758, 6636 2534  
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E-mail : surajm@surajgroup.com