

SEVENTH ANNUAL REPORT

1999-2000



SURAJ STAINLESS LIMITED

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BOARD OF DIRECTOR : MR. ASHOK T. SHAH (CHAIRMAN & MANAGING DIRECTOR)
MR. DINESH S. SHAH (DIRECTOR)
MR. GUNVANT T. SHAH (DIRECTOR)
MR. KUNAL T. SHAH (WHOLETIME DIRECTOR)

REGD. : 6TH FLOOR, KALPANA COMPLEX,
NR. MEMNAGAR FIRE STATION,
NAVRANGPURA, AHMEDABAD - 380 009.

AUDITORS : PIPARA & COMPANY
104, N. R. HOUSE,
ASHRAM ROAD,
AHMEDABAD - 380 009.

**CONSULTING
COMPANY SECRETARY** : PANKAJ K. SHAH ASSOCIATES
701, "NIRMAN",
B/H. NAVRANGPURA BUS STOP,
AHMEDABAD.

BANKERS : 1. PUNJAB NATIONAL BANK

For, Suraj Stainless Ltd.


Director

NOTICE TO THE MEMBERS

NOTICE is hereby given that the **SEVENTH ANNUAL GENERAL MEETING** of the Members of **SURAJ STAINLESS LIMITED** will be held on Monday, the 11th September, 2000 at 3:00 p. m. at the Registered Office situated at 6th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Ahmedabad-380 009 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the period ended on 31st March, 2000, Balance Sheet as on that date, Directors' Report and the Auditors' Report thereon,
2. To appoint Director in place of Mr. Kaniyalal T. Shah who retires by rotation and being eligible, offers himself for reappointment,
3. To appoint Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

NOTICE TO THE MEMBERS

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT subject to Guidelines prescribed by the Securities and Exchange Board of India and in accordance with the other provisions of the Companies Act, 1956. Listing Agreements executed with the Stock Exchange/s and/or Government, the Consent to the company, be and is hereby accorded to the Board of Directors of the Company to approach and apply to the Saurashtra & Kutch Stock Exchanges Limited for voluntary delisting of Equity Shares of the Company from the said Stock Exchange."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised for the purpose of giving effect to the above resolution, to do all such acts, things, deeds as are necessary or desirable from time to time for voluntary delisting of securities as here in above provide."

BY ORDER OF THE BOARDDATE : 10-07-2000

PLACE : Ahmedabad.

CHAIRMAN**NOTES :**

- a) A Member is entitled 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 11-09-2000 to 21-09-2000 (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 5th September, 2000 so as to enable the management to keep the information ready.

EXPLANATORY STATEMENTS AS REQUIRED PURSUANT TO THE PROVISIONS OF SECTION - 173 OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

After Public Issue of 20,00,000 Equity Shares of Rs. 10/- each, the Company has obtained Listing at Ahmedabad, Mumbai & Saurashtra and Kutch Stock Exchanges Limited as ensured in the Prospectus. Most of the Shareholders are concentrated in the State of Gujarat and that too in Ahmedabad only. The Shares had never been traded at the Saurashtra & Kutch Stock Exchange. Therefore, your Directors do not think it fit and wise to continue the listing at this Stock Exchange. This will also result in Saving of listing fees and unnecessary compliances with this exchange. The Company's Shares will now continue to be listed at the Ahmedabad Stock Exchange, which is the Regional Stock Exchange and also at Mumbai Stock Exchange.

Pursuant to the SEBI Guidelines No. SMDRP/CIR-14/98 dated 29th April, 1988, the Company can voluntarily delist its securities from the Stock Exchange, other than the Regional Stock Exchange after giving the exit opportunity to the Shareholders residing in the region of Rajkot. As the Securities of the Company have not been traded at any Stock Exchanges, during the last six months the Auditors of the Company have computed a fair price of Rs. 10/- per share for fully paid up shares. Your Directors have offered to buy the shares from the Shareholder in the relevant region.

Accordingly, the resolution is placed for your approval as a Special Resolution.

None of the Directors are concerned or interested in the resolution.

BY ORDER OF THE BOARDDATE : 10-07-2000

PLACE : Ahmedabad.

CHAIRMAN

DIRECTORS' REPORT

To :

**THE MEMBERS,
Suraj Stainless Limited**

The Board of Directors have pleasure in presenting the Seventh Annual Report together with Audited Accounts for the period ended 31st March, 2000.

FINANCIAL RESULTS :

The Financial Results of the Company for the year is as under :

		(Rs.in lacs)
	<u>1999-2000</u>	<u>1998-1999</u>
Total Sales & Other Income	2369.25	1438.46
Interest	146.84	114.37
Depreciation	71.60	64.50
Taxation	4.00	0.26
Profit after Taxation	28.55	2.17
Prior Period Adjustment for Dep.	—	5.13
Balance available for Appropriation	28.55	7.30
Balance b/f from Profit & Loss A/c.	32.26	24.96
Balance c/f to Balance Sheet	60.81	32.26

REVIEW OF OPEARTION :

The country has started coming out of the recession and political stability and a near consensus on need for economic reforms has imparted confidence and comfort to business. However, the bringing down of tariff and other barriers as part of globalisation of the economy have placed new challenges for indigenous industry and trade to compete against foreign competitors who have better resources and muscle.

However, the company has achieved a turnover of Rs. 2369.25 lacs as against turnover of Rs. 1438.46 lacs during the previous year. After providing interest of Rs. 146.83 lacs and depreciation of Rs. 71.60 lacs the net profit before tax comes to Rs. 32.55 lacs as against, Net Profit of Rs. 2.43 lacs during previous year. Thus, there is an increase of 64.70% in turnover whereas, there is a quantum jump of 1237% in the net profit over previous year.

CURRENT YEAR :

The Company has now received ISO 9002 to certification for its Quality System & Product from BVQI. And its also recognised by Government, Semi Government, Public Sector Companies and Inspection Agency for its Quality Product. Also we are exporting our products to Various countries like USA, UK, AUSTRALIA, NEW ZEALAND, HOLLAND, SOUTH AFRICA, NORWAY, SINGAPORE, THILAND, MALAYSIA, SAUDI ARABIA, UAE, SRI LANKA, ISRAEL, BRAZIL ETC., The export sales has increased tremendously and your directors are very much sure to achieve a better working results during the current year.

DIVIDEND :

To conserve the resources for the long term working capital requirement, the Directors do not recommend any dividend for the year under review.

CHANGE OF NAME :

After Amalgamation of Suraj Stainless Ltd. with your company, your company has changed the name of the company from Suraj Finsec Limited to Suraj Stainless Limited after complying the necessary formalities of change of name with the office of Registrar of Company, Gujarat. A certificate to this effect has been issued by the Registrar of Companies, Gujarat on 24/08/99.

CONSERVATION OF ENERGY ETC :

The particulars regarding the Conservation of Energy & Technology Absorption & Foreign Exchange Earnings & Outgo are given in Annexure - I annexed to this report.

DIRECTORS :

Mr. Kaniyalal T. Shah retire by rotation and being eligible for reappointment, offer himself for reappointment.

PARTICULARS OF EMPLOYEES :

There are no employees drawing remuneration in excess of the ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS :

M/s. Pipara & Co., Chartered Accountants, Ahmedabad retires at the ensuing Annual General Meeting and being eligible, the Board request to reappoint them as Auditors from the conclusion of this Annual General Meeting to the next Annual General Meeting.

AUDITORS' REPORT :

The comments in the Auditors' Report read with Notes to the Accounts in Schedule are self explanatory and do not call for further explanation.

LISTING OF THE COMPANY'S EQUITY SHARES

The Equity Shares of your Company continue to be listed during the year under review at the Ahmedabad and Mumbai Stock Exchanges. The Company has paid the annual listing fees for the financial year 2000 - 2001 to these Stock Exchanges.

PERFORMANCE OF SUBSIDIARY :

The Audited Statement of Accounts of Company's subsidiary, together with the Directors' report and Auditors' Report for the year ended 31/03/2000 as required u/s. 212 of the Companies Act, 1956 are attached.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation for whole hearted Co-operation received from Financial Institution, Bankers and Employees of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

Date : 10-07-2000

Place : Ahmedabad.

CHAIRMAN

ANNEXURE I**A. Conservation of Energy :**

Energy conservation measures taken by the Company mainly include selection & installation of energy efficient equipments and energy saving devices. The impact of measures on the cost of production is not precisely ascertainable. (As per Form - "A" below.)

B. Technology Absorption :

- a) Research & Development : The Company has not so far formally established Research & Development wing.
- b) Technology absorption, adaptation & innovation : The Company has not imported any technology.
- c) Foreign Exchange earnings and outgo :

	<u>1999-2000</u>	<u>1998-99</u>
1. Foreign Exchange earnings (Goods Exported) :	FOB Rs. 2,60,11,108	25,56,840
2. Foreign Exchange Outgo (Materials Import) :	CIF Rs. 46,33,852	2,74,68,825
3. Foreign Travel :	78,323	-----

AUDITOR'S REPORT

To the Shareholders of,
SURAJ STAINLESS LIMITED

We have audited the attached Balance Sheet of SURAJ STAINLESS LIMITED as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :-

As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and in terms of information and explanations given to us and also on the basis of such checks as we considered necessary, we annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said order. Further to our comments in the annexure referred to in Paragraph 1 above, we report that:-

- a) 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.
- b) 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 the books.
- c) The Balance Sheet and the Profit & Loss Account dealt with by this Report, are in agreement with the books of accounts of the Company.
- d) In our opinion, Balance sheet and the Profit & Loss Account of the company comply with the Accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956, except Accounting Standard 15 in respect of which a reference may be made to Note No. "G" of Significant Accounting Policies under Schedule "19".

3. **OPINION** In our opinion, to the best of our information and according to the explanations given to us, the said accounts read together with the notes given in Schedule gives the information required by the Companies Act, 1956 in the manner required and give a true and fair view :-

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000, and;
- ii) In the case of the Profit & Loss Account of the PROFIT of the Company for the year ended on 31st March, 2000

For PIPARA & COMPANY,
 CHARTERED ACCOUNTANTS.

PLACE: AHMEDABAD.

DATED: JULY 10, 2000

(G.C. PIPARA)
 PARTNER

the cost of production is not precisely
 section of energy efficient

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Development & Research
ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the accounts of SURAJ STAINLESS LIMITED for the year ended 31st March, 2000.

- 1) In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However, we can not verify it as the same were not produced before us. According to the information and explanations given to us by the management, the fixed assets have been physically verified by the management in accordance with a phased programme of verification adopted by the company and no material discrepancies have been noticed on such verification. In our opinion the frequency of verification is reasonable.
- 2) The company has not revalued any of its fixed assets during the year.
- 3) As explained to us the stock of stores & spare parts, raw materials, trading materials and finished goods except stock in transit and lying with third parties have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and the nature of its business. However, no evidences for such physical verification has been produced before us.
- 4) Subject to our observation at point 3 above, and according to the information and explanations given to us the procedures for physical verification of Stocks followed by the Management are reasonable and adequate, in relation to the size of the Company and the nature of its business.

- 5) Subject to our observation at point 3 above and as explained to us, no material discrepancies were noticed on physical verification of the stock of raw materials, stores & spares and finished goods, having regard to the size of the operations of the company. However, the same have been properly dealt with in the books account.
- 6) In our opinion the valuation of Stocks is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- 7) The Company has not accepted any loans, Secured or Unsecured, from Companies, firms; or other parties listed in the register maintained U/s.301, and/or from the Companies Under the same management as defined under Sub-Section(1B) of (Sec.) 370 of the Companies Act, 1956.
- 8) In our opinion, the rate of interest and the terms and conditions on which loans and deposits have been granted to the parties listed in the register maintained under Section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the Company. The Company has not granted any loan to the Companies under the same management as defined under Sub- Section(1B) of (Sec.) 370 of the Companies Act, 1956.
- 9) The parties (incuarding employees) to whom loans or advances in the nature of loans have been given by the Company, are repaying the principle amount as stipulated and are also regular in payment of interest wherever applicable.
- 10) In our opinion and according to the information and explanations given to us there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the Purchases of Stores, raw materials including components, plant & Machinery, Equipments and other assets and for the sale of Goods.
- 11) In our opinion and according to the information & explanations given to us, there were no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained U/s. 301 of the Companies Act,1956 as aggregating during the year to Rs.50,000/- or more in respect of each party
- 12) As explained to us the Company has no unserviceable or damaged Stores, raw materials and finished goods.
- 13) The Company has not accepted any deposits from the Public during the year.
- 14) The Company is not maintaining records for the sale and disposal of scraps, except as maintained in the excise records. The Company has no by-product.
- 15) The unit has an internal audit system, which even though commensurate with the size and the nature of its business, need to be strengthened.
- 16) The Central Government has not prescribed maintainance of Cost records Under Section 209(I)(d) of the Companies Act, 1956 for any of the product of the Company.
- 17) According to the records, the Company is generally regular in depositing the dues of Provident Fund with the appropriate authorities
- 18) According to the information and explanations given to us, no undisputed amounts were outstanding in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty which have remained Outstanding as on 31st March, 2000 for a period of more than Six Months from the date they became payable, except, Deferred Sales Tax amounting to Rs. 90,55,552/-
- 19) To the best of our knowledge, and on the basis of our examination of the books of account and the information and explanations given to us, no personal expenses have been charged to the revenue account other than those payable under contractual obligation or in accordance with generally accepted business practices.
- 20) The Company is not a Sick Industrial Company within the meaning of Clause (0) of Sub-Section (1) of Section (3) of the Sick Industrial Companies(Special Provision) Act, 1985.
- 21) In respect of trading activities, we were informed by the Management that the inventory of stock in trade does not include any damaged goods.

PLACE : AHMEDABAD

For, PIPARA & COMPANY,
Chartered Accountants

DATED : 10th JULY, 2000

(G.C.PIPARA)
PARTNER