



# **SURAJ STAINLESS LTD.**

AN ISO 9001-2000 CERTIFIED APPROVED & GOVT. RECOGNIZED EXPORT HOUSE



*Progress Through Co-operation*

## THE RISING SURAJ BY HIS ABLE GUIDANCE



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SHRI TARACHND BHALAJI SHAH FOUNDER

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HAD MISSION TO DELIVER SUPERIOR

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VALUE TO OUR CUSTOMERS,

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SHAREHOLDERS, EMPLOYEES AND

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SOCIETY AT LARGE.

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AT SURAJ WE ARE COMMITTED

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TO HIS MISSION

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Dear Share holders

India has become a major player in the global economy by contributing to a greater extent than many developed countries. We should now be proud to share this with your company's export to more than 50 countries. your company has received many prestigious orders from overseas Refineries, Power Plants, Chemical and Fertilizers Plants against world repute international competitors.

Your company has posted a splendid performance by achieving gross sales of over Rs. 100 crores with an increase of 39% recorded in the earlier year.

Our future is on enhancing capacities, to meet the anticipated rise in demand. We are confident of our world class quality and expertise in this changing global market and confident of gaining a larger share in the national as well as international market. A step towards this goal has already been initiated by an expansion programme, where construction of a new plant has begun and this would be functional by 3rd quarter of financial year 2005-2006.

I would like to take this opportunity to place on record, my personal appreciation for the faith accorded to the company by the Share holders.

Ashok Shah  
Chairman & CEO



"DON'T PUT OFF FOR TOMORROW,  
WHAT YOU CAN DO TODAY  
BECAUSE YOU ENJOY IT TODAY  
YOU CAN DO IT AGAIN TOMORROW"

GUNVANT T. SHAH  
VICE-CHAIRMAN & WHOLE TIME DIRECTOR



"IF YOUR VISION IS ONE YEAR, CULTIVATE FLOWERS  
IF YOUR VISION IS TEN YEARS, CULTIVATE TREES  
IF YOUR VISION IS ETERNITY, CULTIVATE PEOPLE."

KUNAL T. SHAH  
MANAGING DIRECTOR



# **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.

#### **12th Annual Report 2004-2005**

**BOARD OF DIRECTORS :** **SHRI ASHOK T. SHAH** (Chairman & C.E.O.)  
**SHRI GUNVANT T. SHAH** (Vice Chairman & Wholetime Director)  
**SHRI KUNAL T. SHAH** (Managing Director)  
**SHRI DIPAK H. SHAH** (Non-Executive Director)  
**SHRI GANPAT J. RATHOD** (Non-Executive Director)  
**SHRI MAHESH V. PARIKH** (Non-Executive Director)

**REGISTERED OFFICE :** 6th FLOOR, KALPANA COMPLEX,  
NR. MEMNAGAR FIRE STATION,  
NAVRANGPURA, AHMEDABAD - 380 009.

**WORKS :** SURVEY NO. 779/A, THOL, KADI - SANAND HIGHWAY,  
TAL. - KADI, DIST. MEHSANA.

**AUDITORS :** PANKAJ K. SHAH ASSOCIATES  
CHARTERED ACCOUNTANTS  
701-A, "NIRMAN", B/H. NAVRANGPURA BUS STOP,  
AHMEDABAD.

**BANK :** PUNJAB NATIONAL BANK  
SEVEN YEARS AT AGLANCE

**CONTENTS :** NOTICE  
DIRECTOR'S REPORT(\*)  
CORPORATE GOVERNANCE  
AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE  
AUDITOR'S REPORT  
BALANCE SHEET  
PROFIT & LOSS ACCOUNTS  
SCHEDULES TO BALANCE SHEET  
NOTES TO ACCOUNTS  
BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE  
CASH FLOW STATEMENT

(\*) : INCLUDING MANAGEMENT DISCUSSION & ANALYSIS

**7 YEARS' FINANCIAL PERFORMANCE**

(Rs. In Lacs)

<b>Operating Results</b>	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>	<b>2000-01</b>	<b>1999-00</b>	<b>1998-99</b>
Sales & Other Income	10034.56	7073.87	4844.95	2839.47	2357.93	2343.34	1373.73
Interest cost	127.50	112.89	112.02	138.55	167.06	137.05	113.33
Cash Earnings	441.08	282.91	212.31	152.47	136.91	104.15	66.93
Depreciation	127.64	115.82	96.52	90.17	81.26	71.60	59.37
Profit before taxes	313.44	167.10	115.79	62.30	55.65	32.55	7.56
Net Profit after taxes	192.31	105.95	68.12	40.54	53.96	28.55	7.30
<b>Financial Position</b>							
Share Capital	515.47	515.47	515.47	515.47	515.47	515.47	515.47
Reserves	726.49	592.96	487.01	418.89	315.34	261.37	232.82
Net Worth	1241.96	1108.43	1002.48	934.36	830.81	776.84	748.29
Borrowings	1595.90	681.87	701.85	826.93	921.84	721.87	643.76
Deferred Tax Liabilities	1.35	5.45	0.00	0.00	0.00	0.00	0.00
<b>Total Funds</b>	<b>2839.23</b>	<b>1795.75</b>	<b>1704.33</b>	<b>1761.29</b>	<b>1752.65</b>	<b>1498.71</b>	<b>1392.05</b>
<b>Assets</b>							
Fixed Assets : Gross	1673.53	1395.48	1121.52	1045.84	988.12	862.62	775.29
: Net	966.47	814.21	656.07	672.94	703.64	659.40	643.67
Deferred Tax Assets	0.00	0.00	1.63	45.43	0.00	0.00	0.00
<b>Total Assets</b>	<b>2839.23</b>	<b>1795.75</b>	<b>1704.33</b>	<b>1761.29</b>	<b>1752.65</b>	<b>1498.71</b>	<b>1392.05</b>
<b>Ratios :</b>							
Earning per Equity Share (In Rs.)	3.73	2.06	1.32	0.79	1.05	0.55	0.14
Net Worth per Share as at year end	24.09	21.50	19.45	18.13	16.12	15.07	14.52

*Progress Through Co-operation*



**NOTICE TO THE MEMBERS**

Notice is hereby given that the Twelfth Annual General Meeting of the members of Suraj Stainless Limited will be held at the Registered Office situated at 6th Floor, Kalpana Complex, Nr. Memnagar Fire Station, Ahmedabad-380 009 on Thursday, 18th August 2005, at 11-00 a.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2005, Profit and loss Account for the year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of **Mr. Dipak H. Shah**, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of **Mr. Ganpat J. Rathod**, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the 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 Shri Mahesh V. Parikh, who was appointed as an additional director by the Board of Directors and who holds such office under section 260 up to the date of this Annual General Meeting and in respect of whom the Company has, received a notice in writing proposing his candidature for the office of Director under section 257, be and is hereby appointed as a director of the company, liable to retire by rotation".
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT subject to the provisions of Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, approval be and is hereby granted for increase in the remuneration of Shri Ashok T. Shah, Managing Director of the company from 1st April, 2005 to 31 July, 2005 as set out in the draft of the Supplemental Agreement between the Company and Mr. Ashok T. Shah placed before this meeting and initialed by the Chairman of the Company for the purpose of identification.  
 "RESOLVED FURTHER THAT the consent of the company be and is hereby accorded to re-designate Shri Ashok T. Shah as C.E.O. for remainder of his tenure & the remuneration including benefits amenities and perquisites as set out in the said Supplemental draft agreement shall nevertheless be paid and allowed to Mr. Ashok T. Shah, as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such years but shall not in any such year exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act from time to time."  
 "LASTLY RESOLVED THAT the Directors of the company be and are hereby authorised to enter into the Supplemental Agreement on behalf of the Company with Mr. Ashok T. Shah in terms of the aforesaid draft."
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT subject to the provisions of Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, approval be and is hereby granted for increase in the remuneration of Shri Gunvant T. Shah, Whole Time Director of the company from 1st April, 2005 to 27th March, 2006 as set out in the draft of the Supplemental Agreement between the Company and Mr. Gunvant T. Shah placed before this meeting and initialed by the Chairman of the Company for the purpose of identification.  
 "RESOLVED FURTHER THAT the consent of the company be and is hereby accorded to the re-designation of Shri Gunvant T. Shah as Vice Chairman & whole time Director from 16-07-05 for

the remainder of his tenure and the remuneration including benefits amenities and perquisites as set out in the said Supplemental draft agreement shall nevertheless be paid and allowed to Mr. Gunvant T. Shah, as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such years but shall not in any such year exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act from time to time."

"LASTLY RESOLVED THAT the Directors of the company be and are hereby authorised to enter into the Supplemental Agreement on behalf of the Company with Mr. Gunvant T. Shah in terms of the aforesaid draft."

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

"RESOLVED THAT subject to the provisions of Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, approval be and is hereby granted for increase in the remuneration of Shri Kunal T. Shah, Whole Time Director of the company from 1st April, 2005 to 30th September, 2006 as set out in the draft of the Supplemental Agreement between the Company and Mr. Kunal T. Shah placed before this meeting and initialed by the Chairman of the Company for the purpose of identification.

"RESOLVED FURTHER THAT the consent of the company be and is hereby accorded to re-designation Shri Kunal T. Shah as Managing Director from 16.07.05 for the remainder of his tenure and the remuneration including benefits amenities and perquisites as set out in the said Supplemental draft agreement shall nevertheless be paid and allowed to Mr. Kunal T. Shah, as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such years but shall not in any such year exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act from time to time."

"LASTLY RESOLVED THAT the Directors of the company be and are hereby authorised to enter into the Supplemental Agreement on behalf of the Company with Mr. Kunal T. Shah in terms of the aforesaid draft."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of and the remuneration payable to Shri Ashok T. Shah as a Managing Director of the Company as C.E.O. for a period of 5 years with effect from 1st day of August, 2005 on the terms and conditions set out in the Draft Agreement submitted to this Meeting and initialed by the Chairman for the purpose of identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Shri Ashok T. Shah, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.

"RESOLVED FURTHER THAT the remuneration including benefits amenities and perquisites as set out in the said draft agreement shall nevertheless be paid and allowed to Mr. Ashok T. Shah, as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such years but shall not in any such year exceed the ceiling laid down in this behalf in schedule XIII to the Companies Act from time to time."

"AND RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and to do such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this Resolution."

For and on behalf of the Board of Directors

Ahmedabad  
Date : 16th July, 2005

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 17th August 2005 to 25th August 2005. (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 7th August 2005 so as to enable the management to keep the information ready.
- f) Explanatory Statement pursuant to Section 173(2) of the Act is as follows.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:****Item No: 6**

In its effort to broad-base the Board of Directors of the company, pursuant to clauses 49 of the Listing agreements with the Stock Exchanges, the company appointed Shri Mahesh V. Parikh as an Additional Director at the Board meeting held on 10/03/05.

In accordance with section 260 of the Companies Act, 1956, he holds such office upto the date of the ensuing Annual General Meeting. Details like age, qualification experience of Shri Mahesh V. Parikh is given below. A notice in writing along with a deposit of Rs. 500/- under Section 257 of the companies Act 1956, has been received from a Shareholder of the Company signifying his intention to propose Mr. Mahesh V. Parikh as a candidate for the office of Director. The Board recommends that he be appointed as a Director of the Company.

The Board is of the view that vast expertise, knowledge and experience of Mr. Mahesh V. Parikh will be of immense benefit to the Company and, therefore, recommends the resolution for the approval of the members. Except Mr. Mahesh V. Parikh, no director is interested in this resolution.

**ITEM NO.7, 8 & 9 :**

Shri Ashok T. Shah, Shri Gunvant T. Shah and Shri Kunal T. Shah are associated with the company since incorporation and keeping in view, the increased responsibilities and activities of the company, the Board of Directors at their Meeting held on 10th March, 2005 increased their remuneration from Rs. 50000/- to Rs. 70000/- p.m. with effect from 1st April, 2005, subject to the approval of shareholders at the Annual General Meeting. All other terms of their appointments remain unchanged.

The aforesaid increase in the remuneration payable to Shri Ashok T. Shah, Shri Gunvant T. Shah and Shri Kunal T. Shah are in conformity with Schedule XIII to the Companies Act, 1956 as set out in the draft of the Supplemental Agreement referred to in these Resolutions.

Mr. Ashok T. Shah, Gunvant T. Shah and Shri Kunal T. Shah being brother of Shri Ashok T. Shah may be deemed to be concerned or interested in resolution No. 7.

Mr. Gunvant T. Shah, Shri Ashok T. Shah and Shri Kunal T. Shah being brother of Shri Gunvant T. Shah may be deemed to be concerned or interested in resolution No. 8

Mr. Kunal T. Shah, Shri Ashok T. Shah and Shri Gunvant T. Shah being brother of Shri Kunal T. Shah may be deemed to be concerned or interested in resolution No. 9.

The foregoing material terms may also be treated as an abstract of the terms of the aforesaid Agreement for the purpose of Section 302 of the Companies Act, 1956.

The copies of the aforesaid draft Agreement will be available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Sunday.

**ITEM NO. 10 :**

Shri Ashok T. Shah was appointed as a Managing Director of the Company for a period of 5 years which expires on 31st July, 2005. At the board meeting held on 16th July, 2005, the Board reappointed Shri Ashok T. Shah as a C.E.O for a further period of 5 years with effect from 1st August, 2005 subject to the approval of Shareholders of the Company.

The terms and conditions of reappointment of C.E.O is as under :

**1. Remuneration :**

- a) Salary : Rs. 70,000/- per month.

**b) Perquisites :**

- In addition to Salary, the C.E.O shall also be entitled to perquisites like Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, together with utilities thereof such gas, electricity, water, furnishings, Medical Reimbursement and Leave Travel Concession for himself and family, Club Fees, Medical Insurance, etc. in accordance with the Rules of the Company or as may be agreed to between the Board and the C.E.O.
- The Company shall provide the C.E.O a car with a driver and telephone facility at their residence. Provision of car for use on Company's business and telephone at residence will be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the C.E.O.
  - Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable at a rate not exceeding half-a-month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
  - All perquisites provided to the C.E.O shall be evaluated as per the Income-tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.  
The terms and conditions of reappointment of Shri Ashok T. Shah may be altered and varied from time to time during their tenure of appointment in such manners as may be agreed to, between the Board of Directors and Shri Ashok T. Shah provided such terms are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.
  - The C.E.O shall not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof.  
The Draft of the Agreement between the Company and Shri Ashok T. Shah referred to in the Notice is open for inspection at the Registered Office of the Company during Office Hours on all working days, except Sunday, between 11:00 a.m. and 1:00 p.m.  
The above may also be treated as an abstract under Section 302 of the Companies Act, 1956.  
Mr. Ashok T. Shah, Mr.Kunal T. Shah and Shri Gunvant T. Shah being brother of Ashok T. Shah shall be deemed to be concerned or interested in this Resolution.

**ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING****DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT  
IN ANNUAL GENERAL MEETING.**

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

NAME OF DIRECTOR	SHRI DIPAK H. SHAH	SHRI GANPAT J. RATHOD	SHRI MAHESH V. PARIKH
Age (Yrs.)	47	59	58
Qualifications	B.Com. LL.B.	Matriculation	Mech. Engg.
Experience in specific functional areas	Shree Dipakbhai is a Sales tax consultant. He is a member of the Audit committee of the Board of Directors.	Businessman and having rich experience in Stainless Steel Tubes & Pipes Industries. He is a member of the Audit committee of the Board of Directors.	Having rich experience in Engineering product Industries. He is a member of the Audit committee of the Board of Directors.
List of Companies in which outside Directorship held	Nil	Nil	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Nil	Nil

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

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

**Kunal T. Shah**  
Managing Director

Ahmedabad  
Date : 16th July, 2005