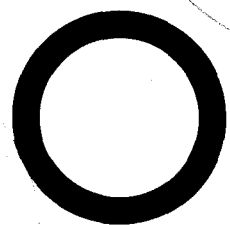
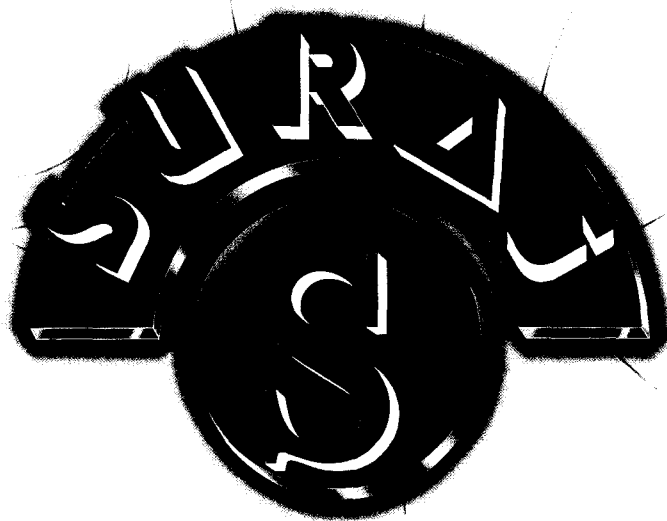


15th Annual Report 2007-2008



Accomplishing Stainless Repute.

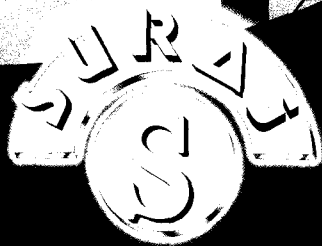
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SURAJ STAINLESS LTD.

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

Progress Through Co-operation



SURAJ STAINLESS LTD.

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

**Manufacturer of
Austenitic & Duplex Stainless Steel
Seamless, Welded, Pipes, Tubes and 'U' Tubes**

SURAJ

We Shape Pipe



CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders

These are uncertain times for the global economy. With the global credit crunch and major economies in recession, the business landscape is changing dramatically worldwide. In terms of purchasing power, the Indian economy, the third largest economy in the world, is going to touch new heights in coming years. As predicted, once India would be the third largest economy of the world, just after US and China. This booming economy of today has to pass through many phases before it can achieve the current milestone of 9% GDP.

I am happy to share with you the company's operational performance in the year 2007-08. The gross sales have increased by almost 25 per cent to exceed Rs.292.23 crores, compared to last year's Rs. 233.28 crores. The profit for the year 2007-08 has also increased to Rs. 13.57 crores from Rs. 8.13 crores in 2006-07, a record increase by 67 per cent.

The Report of the Directors and the Audited working results for the year ended March 31, 2008 is enclosed with this letter. From the Annual Report, you will kindly observe that the progress and achievement of your Company is commendable. As done in the previous years, the performance of both Marketing and Production teams are appreciable.

I express my sincere thanks to all the Shareholders for their continued trust in the Board and Management of the Company and this will be reciprocated with good dividend on their investment.

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

REPORTJUNCTION.COM

Suraj stainless has continued to focus on process and productivity improvements on the one hand and superior customer delivery on the other to sustain our growth within a challenging environment.

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.

15th Annual Report 2007-2008

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 BIPIN K. PRAJAPATI (Wholetime Director) SHRI DIPAK H. SHAH (Non-Executive Director) SHRI KETAN R. SHAH (Non-Executive Director) SHRI MAHESH V. PARIKH (Non-Executive Director) SHRI NIMESH M. SHAH (Non-Executive Director)
REGISTERED OFFICE	: SURAJ HOUSE, VIDHYANAGAR SOCIETY, OPP. USMANPURA GARDEN, USMANPURA, AHMEDABAD-380 014.
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.
BANKERS	: PUNJAB NATIONAL BANK STATE BANK OF INDIA
CONTENTS	: NOTICE DIRECTOR'S REPORT AUDITOR'S REPORT BALANCE SHEET PROFIT & LOSS ACCOUNTS SCHEDULES BALANCE SHEET ABSTRACT AND COMPANIE'S GENERAL BUSINESS PROFILE

10 YEARS OVERVIEW

(Rs. In Lacs)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Sales & Other Income	1373.73	2343.34	2357.93	2839.47	4844.95	7073.87	10034.56	11693.12	23328.49	29223.09
Profit before Interest, Depreciation & Tax	180.26	241.20	303.97	291.02	224.05	395.80	568.58	795.23	2107.68	3476.85
Depreciation	59.37	71.60	81.26	90.17	96.52	115.82	127.64	138.68	338.65	502.82
Net Profit after tax for the year	7.30	28.55	53.96	40.54	68.12	105.95	192.31	295.89	833.82	1366.31
Share Capital	515.47	515.47	515.47	515.47	515.47	515.47	515.47	515.47	566.97	1700.91
Reserve & Surplus	232.82	261.37	315.34	418.89	487.01	592.96	726.49	942.45	2995.29	2918.82
Shareholders Funds	748.29	776.84	830.81	934.36	1002.48	1108.43	1241.96	1457.92	3562.26	4619.73
Gross Block	775.29	862.62	988.12	1045.84	1121.52	1395.48	1673.53	4031.95	5676.98	6465.42
Net Block	643.67	659.40	703.64	672.94	656.07	581.27	966.47	3186.49	4495.20	4780.81
Net Current Assets	587.42	679.24	910.00	948.94	1042.28	979.29	1871.89	227.24	6191.09	5652.81
Dividend	Nil	Nil	Nil	Nil	Nil	Nil	51.54	61.85	85.04	255.14
Rate of Dividend	Nil	Nil	Nil	Nil	Nil	Nil	10%	12%	15%	15%
Book Value of share (in Rs.) (Face Value Rs. 10/-)	14.52	15.07	16.12	18.13	19.45	21.50	24.09	28.28	62.83	27.16
Earnings per Share (in Rs.)	0.14	0.55	1.05	0.79	1.32	2.06	3.73	5.74	14.71	8.03
Yearly High & Low Share Price Rupees	10-10	10-10	10-10	10-10	10-10	18-10	49-13	80-27	250-56	421-108

NOTICE TO THE MEMBERS

Notice is hereby given that the 15th 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 9TH September, 2008 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, 2008 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. Ketan R. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To elect Director in place of Mr. Deepak H. Shah, 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 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 Harenkumar R. Desai, who was appointed as an additional director of the Company by the Board of directors and who holds office as per section 260 of the Companies Act 1956 up to the date of forthcoming Annual General Meeting and in respect of whom the Company has, pursuant to section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, 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, C.E.O. & Chairman of the company from 1st April, 2008 to 31st July, 2010 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 payment of remuneration to Mr. Ashok T. Shah, will be treated 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 Board of 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, 2008 to 28th March, 2011 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 payment of remuneration to Mr. Gunvant T. Shah, will be treated 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 Board of 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, Managing Director of the company from 1st April, 2008 to 30th September, 2011 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 payment of remuneration to Mr. Kunal T. Shah, will be treated 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 Board of 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."

For and on behalf of the Board of Directors

Ahmedabad
Date : 26th July, 2008

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

NOTES :

- 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.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 09.09.2008 to 15.09.2008 (both days inclusive).
- 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.
- 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.
- Shareholders seeking any information with regards to accounts are requested to write to the Company latest by 31.08.2008 so as to enable the management to keep the information ready.
- Explanatory Statement pursuant to Section 173(2) of the Act is enclosed.

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 clause 49 of the Listing agreement with the Stock Exchanges, the company appointed Mr. Harenkumar R. Desai as an Additional independent Director of the company at the Board meeting held on 26th July 2008. Pursuant to section 260 of the Companies Act 1956, he holds office upto the date of this annual General Meeting of the company. Shri Harenkumar R. Desai is an experienced technician & other details like

age, qualification experience of Shri Harenkumar R. Desai 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. Harenkumar R. Desai as a candidate for the office of Director, The Director recommend that he be appointed as Director of the Company.

Except Mr. Harenkumar R. Desai, no director is interested in the resolution.

Item No: 7, 8 & 9 :

Shri Ashok T. Shah, Shri Guvant 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 29th April, 2008 increased their remuneration from Rs. 2,00,000/- to Rs. 3,00,000/- p.m. with effect from 1st April, 2008, 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 Guvant 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, and 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 and 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 and 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.

ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT /REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 9TH SEPTEMBER, 2008

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

Name of Director	Mr. Ketan R. Shah	Mr. Deepak H. Shah	Harenkumar R. Desai
Age (Yrs.)	41 Years	50 Years	63 Years
Qualifications	B.Com., L.L.B.	B.Com., L.L.B.	Diploma Mechanical Engineer
Designation	Independent Director	Independent Director	Independent Director
Experience in specific functional areas	as a Sales Tax Consultant Last 15 Years	as a Sales Tax Consultant Last 20 Years	In the field of Technical Advisor Since Last 20 Years
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

Ahmedabad
Date : 26th July, 2008

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

DIRECTORS' REPORT

To,
The Members,

SURAJ STAINLESSLIMITED Ahmedabad.

Your Directors have pleasure in presenting the 15th Annual Report and the Audited Accounts for the financial year ended March 31, 2008.

Financial Results

The highlights of financial results of the company for the financial year ended March 31, 2008 are as under :-
(Rs.in lacs)

	2007-2008	2006-2007
Sales and other Income	29223.08	23328.49
Interest	894.61	529.45
Profit Before Depreciation	2582.24	1578.23
Depreciation	502.82	338.65
Profit Before Tax	2079.42	1239.58
Taxation - Current Tax	685.69	244.25
-- FBT Tax	4.88	5.75
-- Income Tax of earlier years	5.05	17.73
- Deferred Tax	23.60	155.76
Profit after Tax	1360.20	816.09
Prior Period Adjustment	(5.81)	(2.22)
Net Profit	1354.39	813.86
Balance b/f from Previous Year	1340.41	666.79
Amount available for proposed Appropriations:	2694.80	1480.66
Appropriations		
Proposed Dividend	255.14	85.05
Provision for Tax on Dividend	43.34	14.45
Transfer to Statutory Reserves	67.77	40.76
Balance c/f to Balance Sheet	2329.60	1340.41

Performance Highlights :

The year witnessed a growth of about 25.26% in the sales turnover, which is at Rs. 290.78 crore (previous year Rs. 232.14 crore). During the year, your company achieved a record export turnover of Rs. 217.55 Crore to various destinations across the world inspite of competitive global market, registering a growth of about 30% over the previous year as against export turnover of Rs. 167.72 crore. This was possible due to better product mix. However the profit before tax increased by more than 67% at Rs. 2079.42 Lacs against previous year profit of Rs. 1239.58 lacs and profit after tax also increased by more than 66% at Rs. 1354.39 lacs against previous year net profit of Rs. 813.86 lacs which is possible due to backward integration successfully implemented by the company during the year.

Bonus Share:

During September, 2007, the company has issued bonus shares to its existing shareholders in proportion of 2 : 1 (i.e. Two bonus equity shares for every One Equity Share held) by capitalizing its Share Premium Account. As a result, the paid up Equity Share Capital has increased from Rs. 566.97 lacs (56,69,700 equity shares of Rs. 10/-) each to Rs. 1700.91 Lacs (1,70,09,100 Equity Shares of Rs. 10/- each)

Dividend

Considering the performance of the company, your Directors are pleased to recommend an Dividend of 15% on increased capital after issue of Bonus Shares, subject to approval of shareholders at the Annual General Meeting which will absorb Rs. 255.14 lacs excluding Rs. 43.34 lacs as tax on Dividend.

Directors

Mr. Harenkumar R. Desai was appointed as an Additional Director by the Board with effect from 26th July 2008. He hold such office upto the date of the ensuing Annual General Meeting and being eligible offers himself for reappointment. The resolution seeking his appointment as Director is included in the notice of the Annual general Meeting of the Company.

Mr. Nimesh M. Shah had resigned as a Director during the year and the board appreciate the services rendered by him.