

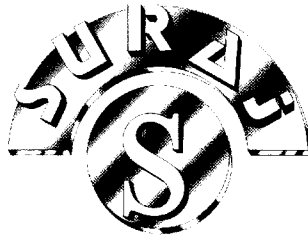
16th Annual Report 2008-2009



SURAJ STAINLESS LTD.

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

Progress Through Co-operation

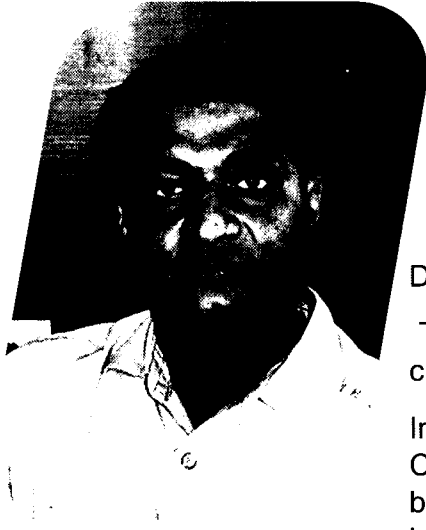


SURAJ STAINLESS LTD.

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

**Manufacturer of Austenitic, Ferritic & Martensitic,
Duplex & Super Duplex Stainless Steel
Seamless & Welded Pipes, '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"*



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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

BOARD OF DIRECTORS	: SHRI ASHOK T. SHAH SHRI GUNVANT T. SHAH SHRI KUNAL T. SHAH SHRI BIPIN K. PRAJAPATI SHRI DIPAK H. SHAH SHRI KETAN R. SHAH SHRI HAREN R. DESAI	(Chairman & C.E.O.) (Vice Chairman & Wholetime Director) (Managing Director) (Wholetime Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director)
REGISTERED OFFICE	: SURAJ HOUSE, 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)

	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 & Other Income for the year = Gross Rs. 24426.00 Lacs - Excise Rs. 1328.87 = Rs. 23097.13

SURAJ STAINLESS LIMITED**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 pasu with the existing equity shares of the Company in respect of divided, 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
Appropriations		
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 :