

18TH ANNUAL REPORT

2010-2011



SURAJ LIMITED

(FORMERLY KNOWN AS SURAJ STAINLESS LIMITED)

[AN ISO 9001-14001, OHSAS 18001, PED APPROVED & GOVT. RECOGNISED EXPORT HOUSE]

Progress Through Co-operation

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders

It is great pleasure to submit the 18th Annual Report of your Company

Annual reports are public statements of an organization's financial performance that are distributed to company shareholders and other interested parties. An annual report assesses the preceding fiscal year's operations and discusses the management's view of the upcoming year.

I am pleased to enclose your copy of the 18th Annual Report of the Directors and the Audited working results of our Company for the year ended March 31, 2011, containing a full update on our financial and business performance for the financial year 2010-11. I hope you will find the information furnished in the Annual Report informative and useful. The Financial year 2009 - 2010 was a very difficult year for the world economies and for business world wide and the financial year 2010 - 2011 helped us to improve our working results to certain extent in restoring confidence and trust in our financial system. Suraj made strong operational progress during the financial year 2010 - 2011 and delivered a pleasing set of financial results.

During the financial year 2010 - 2011, SURAJ achieved a better turnover exceeding ₹ 252.25 crore compared to previous year ₹ 184.32 crore and net profit increased to ₹ 6.86 crore from ₹ 5.33 crore. To us, what we have achieved in these troubled times definitely be a perfect example the core of Suraj's success as an industrial company globally.

We will continue to follow our successful strategy and actively shape our future. We will focus on further improving quality of our products, increasing efficiency and expanding our business areas in order to capture more markets.

The Board of Directors of Suraj has recommended a final dividend of ₹ 1.5 Per share.

Finally, I must express my sincere appreciation to the management team, staff, valued customers, Banks, Financial Institutions and Shareholders for their continued support.

With best wishes,

Sincerely

Ashok T. Shah
Chairman & CEO

"No challenges big, No person is small"

SURAJ LIMITED

(FORMERLY KNOWN AS 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 Seventeen internationally renowned inspection agency.

18th Annual Report 2010-2011

BOARD OF DIRECTORS	: ASHOK T. SHAH GUNVANT T. SHAH KUNAL T. SHAH BIPIN K. PRAJAPATI DIPAK H. SHAH KETAN R. SHAH HAREN R. DESAI MAHESH V. PARIKH (RESIGNED ON 28-JUN-2011)
COMPANY SECRETARY	: VIRAL M. SHAH
AUDITORS	: PANKAJ K. SHAH ASSOCIATES CHARTERED ACCOUNTANTS 701-A, "NIRMAN", B/H. NAVRANGPURA BUS STOP, AHMEDABAD.
BANKERS	: PUNJAB NATIONAL BANK STATE BANK OF INDIA
PLANT LOCATION	: SURVEY NO. 779/A, THOL, KADI - SANAND HIGHWAY, TAL. - KADI, DIST. MEHSANA. (GUJARAT)
REGISTERED OFFICE	: "SURAJ HOUSE", OPP. USMANPURA GARDEN, ASHRAM ROAD, AHMEDABAD - 380 014.
REGISTRAR & TRANSFER AGENT	: MCS LIMITED 101, SHATDAL COMPLEX, OPP. BATA SHOW ROOM, ASHRAM ROAD, AHMEDABAD - 380 009.

10 YEARS OVERVIEW

(₹ In Lacs)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales & Other Income	2839.47	4844.95	7073.87	10034.56	11693.12	23328.49	29223.09	23097.13	17687.13	24260.72
Profit before Interest, Depreciation & Tax	291.02	224.05	395.80	568.58	795.23	2107.68	3476.85	2193.84	2784.80	3251.13
Depreciation	90.17	96.52	115.82	127.64	138.68	338.65	502.82	545.41	893.40	998.15
Net Profit after tax for the year	40.54	68.12	105.95	192.31	295.89	833.82	1366.31	595.04	533.25	686.22
Share Capital	515.47	515.47	515.47	515.47	515.47	566.97	1700.91	1700.91	1926.41	1926.41
Reserve & Surplus	418.89	487.01	592.96	726.49	942.45	2995.29	2918.82	3200.23	5243.96	5581.79
Shareholders Funds	934.36	1002.48	1108.43	1241.96	1457.92	3562.26	4619.73	4901.14	7170.37	7508.2
Gross Block	1045.84	1121.52	1395.48	1673.53	4031.95	5676.98	6465.42	7966.08	12951.26	13977.57
Net Block	672.94	656.07	581.27	966.47	3186.49	4495.20	4780.81	5740.26	9837.65	9865.82
Net Current Assets	948.94	1042.28	979.29	1871.89	227.24	6191.09	5652.81	5329.38	7270.39	9317.28
Dividend	Nil	Nil	Nil	51.54	61.85	85.04	255.14	255.14	255.14	288.96
Rate of Dividend	Nil	Nil	Nil	10%	12%	15%	15%	15%	15%	15%
Book Value of share (in Rs.) (Face Value Rs. 10/-)	18.13	19.45	21.50	24.09	28.28	62.83	27.16	28.81	37.22	38.98
Earnings per Share (in Rs.)	0.79	1.32	2.06	3.73	5.74	14.71	8.03	3.50	2.77	3.56
Yearly High & Low Share Price Rupees	10-10	10-10	18-10	49-13	80-27	250-56	421-108	222-47	147-61	97-53

NOTICE TO THE MEMBERS

Notice is hereby given that the 18th Annual General Meeting of the members of Suraj Limited will be held on Monday, September 19, 2011 at 10:00 a.m., at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009 to transact the following businesses:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on March 31, 2011, and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Shri Ketan R. Shah, who retire by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Shri Dipak H. Shah, who retire by rotation and being eligible, offer himself for re-appointment.
5. To re-appoint Auditors and to fix their remuneration and in this regard consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Messrs Pankaj K. Shah Associates, Chartered Accountants, having Registration no. 107352W issued by the Institute of Chartered Accountants of India, be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

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 the provisions of Sections 198, 269, 302, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the consent of the members of the Company, be and is hereby accorded for re-appointment of Shri Gunvant T. Shah, Vice Chairman & Whole Time Director of the Company for a further period of five years with effect from 28th March, 2011 upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement."

Place : Ahmedabad

Date : 09-08-2011

Registered Office :

'SURAJ HOUSE',
Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014

By Order of the Board of Directors

Viral M. Shah
Company Secretary

NOTES :

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the meeting are annexed.
5. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, between 11:00 a.m. and 1:00 p.m. up to the date of Meeting.
8.
 - a) The Company has already notified closure of Register of Members and Share Transfer Books from Monday, September 12, 2011 to Monday, September 19, 2011 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
 - b) The Dividend on Equity shares, if declared at the Meeting, will be paid on or after September 19, 2011 to those members whose name shall appear on the Company's Register of Members on September 11, 2011; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on date.
9. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agents, M/s MCS Limited.
11. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. . The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be downloaded from the website of the Department of Company Affairs.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MCS, for consolidation into a single folio.
14. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
15. Non-Resident Indian Members are requested to inform MCS, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 6

Shri Gunvant T. Shah was appointed as a Vice Chairman & Whole Time Director of the Company for a period of 5 years which expires on 28th March, 2011. At the board meeting held on 19th January, 2011, the Board re-appointed Shri Gunvant T. Shah as a Vice Chairman & Whole Time Director for a further period of 5 years with effect from 28th March, 2011 subject to the approval of shareholder of the Company.

The terms and conditions of reappointment of Vice Chairman & Whole Time Director is as under:

1. Salary: ₹ 3,00,000/- (Rupees Three lac) per month.
2. Perquisites: In addition to Salary, the Whole Time Director shall also be entitled to perquisites like Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, together with utilities thereof such as 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 Whole Time Director.

In addition Company shall provide the Whole Time Director a car with driver and telephone facility at his residence. Provision of car for personal use and telephone at residence will be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole-time Director.

3. Terminal Benefits: 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.
4. All perquisites provided to the Director 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.
5. The terms and conditions of reappointment of Shri Gunvant T. Shah may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to, between the Board of Directors and Shri Gunvant T. Shah provided such terms are within and in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.
6. The Vice Chairman & Whole Time Director shall not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof.

The draft of Agreement between the company and Shri Gunvant 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 am to 1 pm.

The above may also be treated as an abstract under section 302 of the Companies Act, 1956.

Shri Ashok T. Shah and Shri Kunal T. Shah being brother of Shri Gunvant T. Shah shall be deemed to be concerned or interested in this resolution.

Place : Ahmedabad

Date : 09-08-2011

By Order of the Board of Directors

Registered Office : 'SURAJ HOUSE',
Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014

Viral M. Shah
Company Secretary

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of notice / documents including Annual Report can be sent by e-mail to its members.

All those shareholders who have not yet registered their email ids or holding shares in physical form are requested to immediately register their email ids with NSDL/CDSL and / or RTA with your Folio no. and No. of Shares / Client ID and DP ID.

ANNEXURE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting of the Company (pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

Name of the Director	Mr. Ketan R. Shah	Mr. Dipak H. Shah
Date of Birth	June 3, 1961	April 18, 1958
Date of Appointment	December 31, 2005	March 30, 2002
Expertise in specific functional areas	Tax Consultant	Tax Advocate & Consultants
Qualifications	B. Com., LL.B.	B. Com., LL.B.
Details of Shares held in the Company	Nil	1200
List of companies in which outside Directorship held as on March 31, 2011 (excluding private & foreign companies)	Nil	Nil
Chairman / Members of the *Committee of other companies on which he is a Director as on March 31, 2011	Nil	Nil

*The committees include the Audit Committee and the Shareholders' / Investors Grievance Committee

DIRECTORS' REPORT

To the Members,

The Directors submit the Annual Report of the Company along with the audited statement of accounts for the financial year ended March 31, 2011.

Financial Results

The summary of operating results for the year and appropriation of divisible profits is given below:

(₹ In Lacs)

	2010-2011	2009-2010
Sales and other Income	24260.73	17687.12
Interest	1239.69	869.37
Profit Before Depreciation	2011.44	1915.41
Depreciation	998.15	893.40
Profit Before Tax	1013.28	1022.01
Taxation -- Current Tax	347.59	173.52
-- FBT Tax	-	-
-- Income Tax of earlier years	2.49	17.43
-- Deferred Tax (Assets)/Liability	20.51	315.23
Profit after Tax	683.73	515.82
Prior Period Adjustment	(8.94)	(1.60)
Net Profit after prior period adjustment	674.79	514.21
Balance b/f from Previous Year	2615.33	2581.98
Amount available for proposed Appropriations:	3290.12	3096.20
Appropriations		
Proposed Dividend	288.96	255.14
Provision for Tax on Dividend	47.99	43.36
Transfer to Statutory Reserves	33.74	25.71
Balance c/f to Balance Sheet	2919.43	2771.99

OPERATIONS OF THE COMPANY:**Business Performance Review**

The gross sales for the period ended March 31, 2011 was ₹ 25225.60 lacs as compared to ₹ 18432.98 lacs in the previous year registering an increase of 36.85%. The Profit before Tax (PBT) for the period was ₹ 1013.28 as against ₹ 1022.01 lacs decrease by 0.86%. However the Profit after Tax (PAT) i.e., distributable profit clocked an increase of 31.23% and resulted at ₹ 674.79 as against ₹ 514.21 lacs.

Dividend

Your Directors recommend a dividend of 15 % i. e. ₹ 1.50 for each Equity Shares of ₹ 10/- for the year ended March 31, 2011 subject to the approval of shareholders at the ensuing Annual General Meeting.

Equity Share Capital

During the year, the Company allotted 22,55,000 equity shares of ₹ 10/- each to the shareholders of Suraj Limited pursuant to the Scheme of Amalgamation as approved by the Hon'ble High Court of Gujarat on August 5, 2010.

Change of Name

The Company has change the name of Suraj Stainless Limited to Suraj Limited after completing necessary procedure as required under the Companies Act, 1956. The name of Company is change to Suraj Limited w. e. f. June, 24, 2011 as per fresh Certificate of Incorporation issued by Registrar of Companies, Gujarat. The name of the Company has also been change with the Bombay Stock Exchange Ltd. (BSE) w. e. f. July 27, 2011.

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. 2011-12.

Deposits

Your Company has not accepted any deposits from the public during the year under review and hence there are no outstanding deposits as on March 31, 2011.

Directors

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, two of your Directors, viz., Mr. Ketan R. Shah and Mr. Dipak H. Shah retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance report and auditors' certificate regarding compliance of conditions of Corporate Governance forms part of the annual report.

Auditors

M/s. Pankaj K. Shah Associates, Chartered Accountant (firm registration no. 107352W), who are statutory auditors of the Company, hold office in accordance with the provisions of the Act upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, the directors confirm that, to the best of their knowledge and belief:

- (i) in the preparation of the profit and loss account for the financial year ended March 31, 2011 and the balance sheet as at that date ("financial statements"), applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care has been take for the 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. To ensure this, the Company has established internal control system, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function;
- (iv) The financial statements have been prepared on a going concern basis.

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. The Company also continues to maintain the ISO 9001(2000) quality standard.

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.

CEO and CFO Certification

Mr. Ashok T. Shah, Chairman & C. E. O. and Mr. Kunal T. Shah, Managing Director, have given certificate to the board as contemplated in sub-clause (V) of clause 49 of the Listing Agreement.

Health, safety and environmental protection

Your Company has complied with all the applicable environmental laws and labour laws. The Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

Particulars of employees

The particular of employees required to be furnished under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all Shareholders of the Company excluding the statement of particulars of the employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

Conservation of energy, technology and foreign exchange

The particular of conservation of energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto and forms part of this report.

Cash Flow Statement

As required under clause 32 of 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.

Appreciation and Acknowledgements

Your Directors would like to express their appreciation for the co-operation and assistance received from the Government authorities, the financial institutions, banks, Regulatory authorities, Stock Exchange and the stakeholders for their continued co-operation and support to the Company. Your directors also wish to place on record their deep sense of appreciation for the committed services by all the employees of the company.

Ahmedabad
Date : 09-08-2011

For and on behalf of the Board of Directors

Registered Office : 'SURAJ HOUSE',
Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014

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 31st March, 2011.

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 31-03-2011	Year Ended 31-03-2010
A). Power and Fuel Consumption		
▶ Electricity		
❖ Purchase in Unit KWH	3288000	3991180
❖ Total Amount ₹	20981963	25770427
❖ Rate KWH ₹	6.38	6.46
B). Consumption per unit of production		
❖ Production (M.T.)	9707.074	7723.584
❖ Total Nos. of Unit (KWH)	3288000	3991180
❖ Unit Per M.T. (KWH)	338.72	516.75
❖ Cost per M.T. ₹	2161.51	3338.20