

20th ANNUAL REPORT

2012-2013



SURAJ LIMITED

Progress is Life

SURAJ LIMITED

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

20th Annual Report 2012-2013

BOARD OF DIRECTORS	:	ASHOK SHAH GUNVANT SHAH KUNAL SHAH BIPIN PRAJAPATI DIPAK SHAH KETAN SHAH HAREN DESAI BHUPENDRASINH PATEL
COMPANY SECRETARY	:	VIRAL SHAH
AUDITORS	:	PANKAJ K. SHAH ASSOCIATES CHARTERED ACCOUNTANTS
COMPANY LAW CONSULTANT	:	SANDIP SHETH & ASSOCIATES
BANKERS	:	PUNJAB NATIONAL BANK STANDARD CHARTERED BANK IDBI BANK
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.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareowners

The global economic scenario in FY 2012-13 continued to be fraught with challenges. Major economic witnessed slower growth and the Eurozone was full of uncertainty. As the year progressed, business environment remained difficult and operating in such a testing environment proved challenging.

Despite the global changes, we saw constructive demand growth in our business. Suraj achieved the turnover of Rs. 26,568.13 Lac, a growth of 6.71% over the previous year. I am also happy to report that your Company sustained its profitability and posted a net profit of Rs. 714.53 Lac, a growth of 14.25% over the previous year.

We continued to reward our shareholders with regular dividend. This year dividend payout of Rs. 1.50 per share has been proposed by the Board of Directors of your Company.

Your Company's ability to deliver growth and sustain business momentum is attributable to its ability to remain relevant to its customers' changing business need and extensive global presence.

I would like to take this opportunity on behalf of the Board of Directors and its leadership team to thank each shareholder, Banks and Financial Institutions for their continued co-operation, support and commitment to the Company.

Success is journey and not a destination. It is with this hope and faith I look forward to your continued support as your Company embarked on the next phase of its growth journey.

With best wishes,
Sincerely
Ashok Shah
Chairman & CEO

NOTICE

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of the Members of SURAJ LIMITED will be held on Saturday, 31st August, 2013 at 10:30 am 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, 2013, 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 for the financial year ended March 31, 2013.
3. To appoint a Director in place of Mr. Ashok Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Guntant Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Haren Desai who retires by rotation and being eligible offers himself for re-appointment.
6. To re-appoint Messrs Pankaj K. Shah Associates, Chartered Accountant, Ahmedabad having Firm Registration No. 107352W as Statutory Auditor 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 and to fix their remuneration.

SPECIAL BUSINESS :

7. **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, 302, 309, 310 and 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and other statutory approval if any, the members of the Company hereby approves increase in remuneration of Mr. Ashok Shah, as Whole Time Director (Chairman & CEO) of the Company as recommended by the Remuneration Committee and approved by the Board of Directors of the Company for the remaining tenure of his office viz. commencing from 1st June 2013 to 31st July 2015, upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement "

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized, to accept and alter and vary the terms and conditions of the said increase in remuneration or any amendments or modifications that may hereafter be suggested thereto by the members in General Meeting."

8. **To Consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution:-**

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 302, 309, 310 and 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and other statutory approval if any, the members of the Company hereby approves increase in remuneration of Mr. Guntant Shah, as Whole Time Director (Vice Chairman) of the Company as recommended by the Remuneration Committee and approved by the Board of Directors of the Company for the remaining tenure of his office viz. commencing from 1st June 2013 to 27th March 2016, upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement "

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized, to accept and alter and vary the terms and conditions of the said increase in remuneration or any amendments or modifications that may hereafter be suggested thereto by the members in General Meeting."

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

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 302, 309, 310 and 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and other statutory approval if any, the members of the Company hereby approves increase in remuneration of Mr. Kunal Shah, as Managing Director of the Company as recommended by the Remuneration Committee and approved by the Board

of Directors of the Company for the remaining tenure of his office viz. commencing from 1st June 2013 upto 28th September 2014, upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized, to accept and alter and vary the terms and conditions of the said increase in remuneration or any amendments or modifications that may hereafter be suggested thereto by the members in General Meeting."

10. To Consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provision of Section 309, 310 and other applicable provision, if any, of the Act read with rule 10B of Companies (Central Government's) General Rules & Forms, 1956, and Article 138(c) of the Articles of Association of the Company, the members of the Company hereby approves increase in payment of sitting fees to the Non Executive and/or Independent Directors from Rs. 2,500/- to Rs. 5,000/- for each meeting attended by them or such higher fees as may be determined by board from time to time as maximum permissible limit as prescribed in rule 10B of Companies (Central Government's) General Rules & Forms, 1956, with effect from 1st June, 2013."

"RESOLVED FURTHER That the Board of Director or a committee of board be and are hereby authorised to make, alter, addition or deletion of such other committee/s for payment of sitting fees to such committee members and to take such step and do all other acts, deeds and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto and the Board shall have absolute powers to modify and/or alter the said sitting fees within the maximum permissible limit and in order to give effect to the forgoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

Registered Office :

'Suraj House', Opp. Usmanpura Garden,
Ashram Road, Ahmedabad-380014.

For and on behalf of the Board

Date : 28-05-2013

Place : Ahmedabad

Viral M. Shah

Company Secretary

NOTES :

1. The relevant 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 him/her 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. The Register of Members and the Share transfer Books of the Company will remain closed from 24th August, 2013 to 31st August, 2013 (both days inclusive).
4. Corporate members intending to send their authorized 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.
5. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the meeting as required under Code of Corporate Governance are annexed hereto.
6. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
7. Members who hold shares in dematerialization form, are requested to bring their depository account number for identification.
8. 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.
9. 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.
10. Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2013 when declared at the meeting will be paid on or after 6th September, 2013.

- (i) to those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrar & Share Transfer Agent on or before, 24.08.2013 **or**
- (ii) in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of business hours on 23.08.2013.
11. 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. However, if members want to change/correct bank account details, they should communicate the same immediately to the concerned Depository Participant. Members are also requested to furnish their MICR code of their bank to their Depository Participant. The Company or its Registrar will not entertain 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. 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.
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.
16. Members are requested to note that the dividend for the year 2005-2006 which is not encashed for a period of 7 years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investors Education and Protection Fund after 9th September, 2013. The last date for claiming the dividend is 8th September, 2013. Members who have not encashed their above Dividend Warrants may approach to the Company/RTA immediately for revalidation as otherwise no claim thereafter shall lie against the Fund or the Company in respect of such unclaimed Dividend Amount.
17. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
18. To support the "Green Initiative in Corporate Governance" taken by The Ministry of Corporate Affairs by allowing paperless compliances and stating that service of notices / documents including Annual Report can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders, notices/documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address have been registered with the Company. Members who would like to receive such notices / documents in electronic mode in lieu of physical copy and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses:
- In respect of electronic shareholding - through their respective Depository Participants;
 - In respect of physical shareholding - by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and e-mail address.

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

Item No. 7:

Mr. Ashok Shah who has been re-appointed as Whole time Director (Chairman & CEO) of the Company for a period of five (5) years w.e.f. 1st August 2010. Considering his innumerable efforts, skills and dedication the Board of Directors had at its meeting held on 28th May 2013 confirmed the proposal to increase/revise remuneration for the remaining period of his tenure of such office. The said revision in remuneration was also recommended and assented by remuneration committee of the Company.

The proposed remuneration package is well within the overall limit prescribed under Part I of Section II of Schedule XIII to the Companies Act, 1956, read with Section 198 and 309 which permits the company to provide for a salary not exceeding 10% of the Net Profits in any year to all such managerial personnel. The increase in remuneration of Mr. Ashok Shah as Whole time Director (Chairman & CEO) of the company requires approval of the members under Section 198, 269, 309, 310 and 311 read with Part I of section II of Schedule XIII of the Companies Act, 1956, for payment of remuneration. Consequently the said resolution is put before the members for approval in General Meeting. Hence, your directors recommend the resolution for your approval.

The revised terms and conditions including remuneration and perquisites are as under;

- i) The revised remuneration of Mr. Ashok Shah, Whole time Director (Chairman & CEO) of the company shall start w.e.f. 1st June 2013 till 31st July 2015.
- ii) The Whole time Director (Chairman & CEO) shall, unless prevented by ill health throughout the said term, devote his entire time, attention and abilities to the business of the company and shall carry out the orders, from time to time, of the Board and in all respect confirm to and comply with the directions and regulations made by the Board, and shall faithfully serve the company and use his utmost endeavors to promote the interest of the company.
- iii) The Whole time Director (Chairman & CEO) shall exercise and perform such powers and duties as stated in Articles of Association of the Company and as the Board of directors of the company (hereinafter called "the Board") shall, from time to time, determine, and subject to directions and restrictions, from time to time, given and imposed by the Board and further subject to the superintendence, control and direction of the Board.
- iv) The Company shall pay to the Whole time Director (Chairman & CEO) during the continuance of his tenure of office as such in consideration of the performance of his duties;-
 - a) Salary: Salary of Rs. 4,30,000/- (Rupees Four Lac Thirty Thousand Only) per month, so long as he functions as such, he shall not be paid any sitting fees for attending meeting of the Board of Directors or committees thereof,
 - b) Perquisites as mentioned below:
 - (i) **Telephone and Internet:** Free Telephone and Internet Facility at his residence, personal long distance calls will be paid on actual basis to the Whole time Director (Chairman & CEO) subject to the maximum of Rs. 4,000/- per month.
 - (ii) **Club Membership:** Club Membership fees of the managerial personnel shall be borne by the company by way of payment of annual membership fees/ renewal fees, subject to maximum Rs. 10,000/- per annum.
 - (iii) The Appointee shall avail Bonus of Rs. 3,500/- per annum
 - v) The Other terms contained as per the agreement dated 8th July, 2010 executed between the company and Mr. Ashok Shah, remains unchanged.
 - vi) The terms and conditions hereof shall be subject to the approval of the shareholders of the company in general meeting and other statutory approval under the relevant provisions of the Companies Act, 1956 if required.

The notice and explanatory statement may be treated as an abstract of terms and memorandum of interest under section 302 of the Companies Act, 1956, regarding revision/increase in remuneration of Mr. Ashok Shah as Whole time Director (Chairman & CEO) of the Company to be circulated to the shareholders of the company and the requirement of the said act may be deemed to have been sufficiently complied with.

None of the Directors, except Mr. Ashok Shah, Mr. Kunal Shah and Mr. Gunvant Shah, is in any way concerned or interested in the aforesaid resolution and recommend your acceptance thereof in the interest of the Company.

Item No. 8:

Mr. Gunvant Shah, who has been re-appointed as Whole time Director (Vice Chairman) of the Company for a period of five (5) years w.e.f. 28th March 2011. Considering his innumerable efforts, skills and dedication the Board of Directors had at its meeting held on 28th May 2013 confirmed the proposal to increase/revise

remuneration for the remaining period of his tenure of such office. The said revision in remuneration was also recommended and assented by remuneration committee of the Company.

The proposed remuneration package is well within the overall limit prescribed under Part I of Section II of Schedule XIII to the Companies Act, 1956, read with Section 198 and 309 which permits the company to provide for a salary not exceeding 10% of the Net Profits in any year to all such managerial personnel. The increase in remuneration of Mr. Gunvant Shah as Whole time Director (Vice Chairman) of the company requires approval of the members under Section 198, 269, 309, 310 and 311 read with Part I of section II of Schedule XIII of the Companies Act, 1956, for payment of remuneration. Consequently the said resolution is put before the members for approval in General Meeting. Hence, your directors recommend the resolution for your approval.

The revised terms and conditions including remuneration and perquisites are as under;

- i) The revised remuneration of Mr. Gunvant Shah, Whole time Director (Vice Chairman) of the Company shall start w.e.f. 1st June 2013 till 27th March 2016.
- ii) The Whole time Director (Vice Chairman) shall, unless prevented by ill health throughout the said term, devote his entire time, attention and abilities to the business of the company and shall carry out the orders, from time to time, of the Board and in all respect conform to and comply with the directions and regulations made by the Board, and shall faithfully serve the company and use his utmost endeavors to promote the interest of the company.
- iii) The Whole time Director (Vice Chairman) shall exercise and perform such powers and duties as stated in Articles of Association of the Company and as the Board of directors of the company (hereinafter called "the Board") shall, from time to time, determine, and subject to directions and restrictions, from time to time, given and imposed by the Board and further subject to the superintendence, control and direction of the Board.
- iv) The Company shall pay to the Whole time Director (Vice Chairman) during the continuance of his tenure of office as such in consideration of the performance of his duties:-
 - a) **Salary:** Salary of Rs. 3,10,000/- (Rupees Three Lac Ten Thousand Only) per month, so long as he functions as such, he shall not be paid any sitting fees for attending meeting of the Board of Directors or committees thereof,
 - b) Perquisites as mentioned below:
 - i) **Telephone and Internet:** Free Telephone and Internet Facility at his residence, personal long distance calls will be billed to the Whole time Director (Vice Chairman) subject to the maximum of Rs. 4,000/- per month
 - ii) **Club Membership:** Club Membership fees of the managerial personnel shall be borne by the company by way of payment of annual membership fees/ renewal fees, subject to maximum Rs. 10,000/- per annum.
 - iii) The Appointee shall avail Bonus of Rs. 3,500/- per annum.
- v) The Other terms contained as per the agreement dated 4th May 2011 executed between the company and Mr. Gunvant Shah, remains unchanged.
- vi) The terms and conditions hereof shall be subject to the approval of the shareholders of the company in general meeting and other statutory approval under the relevant provisions of the Companies Act, 1956 if required.

The notice and explanatory statement may be treated as an abstract of terms and memorandum of interest under section 302 of the Companies Act, 1956, regarding revision/increase in remuneration of Mr. Gunvant Shah as Whole time Director (Vice Chairman) of the Company to be circulated to the shareholders of the company and the requirement of the said act may be deemed to have been sufficiently complied with.

None of the Directors, except Mr. Ashok Shah, Mr. Kunal Shah and Mr. Gunvant Shah, is in any way concerned or interested in the aforesaid resolution and recommend your acceptance thereof in the interest of the Company.

Item No. 9:

Mr. Kunal Shah who has been re-appointed as Managing Director of the Company for a period of three (3) years w.e.f. 29th September 2011. Considering his innumerable efforts, skills and dedication the Board of Directors had at its meeting held on 28th May 2013 confirmed the proposal to increase/revise remuneration for the remaining period of his tenure of such office. The said revision in remuneration was also recommended and assented by remuneration committee of the Company.

The proposed remuneration package is well within the overall limit prescribed under Part I of Section II of Schedule XIII to the Companies Act, 1956, read with Section 198 and 309 which permits the company to provide for a salary not exceeding 10% of the Net Profits in any year to all such managerial personnel. The increase in remuneration of Mr. Kunal Shah as Managing Director of the company requires approval of the members under Section 198, 269, 309, 310 and 311 read with Part I of section II of Schedule XIII of the Companies Act, 1956, for

payment of remuneration. Consequently the said resolution is put before the members for approval in General Meeting. Hence, your directors recommend the resolution for your approval.

The revised terms and conditions including remuneration and perquisites are as under;

- (i) The Company shall pay to the Managing Director during the continuance of his tenure of office as such in consideration of the performance of his duties;-
 - (a) Salary at the rate of Rs. 3,65,000/- (Rupees Three Lac Sixty Five Thousand Only) per month so long as he functions as such, he shall not be paid any sitting fees for attending meeting of the Board of Directors or committees thereof.
 - (b) The Managing Director shall be entitled to the following perquisites and facilities:
 - (i) **Telephone and Internet:** Free telephone and Internet facility at his residence, Personal long distance calls will be billed to the Managing Director subject to a maximum of Rs. 4,000/- per month
 - (ii) **Club Membership:** Club Membership fees of the managerial personnel shall be borne by the company by way of payment of annual membership fees/ renewal fees, subject to maximum Rs. 10,000/- per annum.
 - (iii) The Appointee shall avail Bonus of Rs. 3,500/- per annum
- (ii) The Other terms contained as per the agreement dated 29th September 2011 executed between the company and Mr. Kunal Shah, remains unchanged.

The notice and explanatory statement may be treated as an abstract of terms and memorandum of interest under section 302 of the Companies Act, 1956, regarding revision/increase in remuneration of Mr. Kunal Shah as Managing Director of the Company to be circulated to the shareholders of the company and the requirement of the said act may be deemed to have been sufficiently complied with.

None of the Directors, except Mr. Ashok Shah, Mr. Kunal Shah and Mr. Gunvant Shah, is in any way concerned or interested in the aforesaid resolution and recommend your acceptance thereof in the interest of the Company.

Item no. 10:

First provision to Section 310 of the Companies Act, 1956 read with rule 10(B) of the Companies (Central Government's) General Rules & Forms, 1956 as amended from time to time provides the following limits for payment of fees for attending each meeting of the Board of Directors or a committee thereof:

a)	Companies with a paid up capital and free reserves of Rs.10 Crores and above or turnover of Rs. 50 Crores and above	Sitting fees not to exceed the sum of Twenty Thousand Rupees
b)	Other Companies	Sitting fees not to exceed the sum of ten thousand

Article 138 (c) of the Articles of Association provides for payment of such sitting fees as may be prescribed by the Act or the Central Government from time to time.

At present, the Company has paid Rs. 2,500/- as sitting fees to the Non executive and/or Independent Directors of the Company for attending board meeting/s and/or committee meeting/s. Considering the responsibility of such directors in the Company and looking to the increased business activities and role played by such non executive/independent directors, it is proposed to increase the payment of sitting fees to non executive directors from Rs. 2,500/- to Rs. 5,000/- for each meeting attended by them or such higher fees as may be determined by board from time to time as per the maximum permissible limit as prescribed in rule 10B of Companies (Central Government's) General Rules & Forms, 1956, for attending the meeting of the board or committee meeting.

The increase in sitting fees of such Directors of the company requires approval of the members under Section 309 and 310 of the Companies Act, 1956 read with rule 10(B) of the Companies (Central Government's) General Rules & Forms, 1956 as amended from time to time. Consequently the said resolution is put before the members for approval in General Meeting with special majority. Hence, your directors recommend the resolution for your approval.

All the Non executive/Independent Directors of the Company may be considered interested in this resolution to the extent of the sitting fees payable to them. Save as aforesaid, none of the directors is in any way interested in the said resolution.

Registered Office :

'Suraj House', Opp. Usmanpura Garden,
Ashram Road, Ahmedabad-380014.

For and on behalf of the Board

Date : 28-05-2013
Place : Ahmedabad

Viral M. Shah
Company Secretary

DIRECTORS' REPORT

**The Members,
Suraj Limited.
Ahmedabad**

The Directors present their 20th Annual Report together with the Audited Statement of Accounts of Company for the year ended 31st March 2013.

Financial Results

The financial results of the Company for the year under review are as under: -

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

(Rs. In Lacs)

	2012-2013	2011-2012
Total Revenue (Net)	26568.13	24896.87
Other Income	145.58	134.58
Interest	1122.70	1156.06
Profit Before Depreciation	2098.75	1691.42
Depreciation	1036.07	1015.26
Profit Before Tax	1062.69	676.16
Taxation--Current Tax	445.73	250.76
--Excess/Short provision for earlier years	1.18	(126.16)
--Deferred Tax (Assets/Liability)	(98.76)	(73.84)
Profit after Tax	714.53	625.40
Balance Brought Forward from previous year	3177.72	2919.43
Amount available for proposed appropriations:	3892.25	3544.84
Appropriations		
Proposed Dividend	288.96	288.96
Provision for tax on Dividend	49.11	46.88
Transfer to Statutory Reserves	35.72	31.27
Balance carried forward to Balance Sheet	3518.46	3177.73

2) OPERATIONS:

The Company achieved magnificent turnover (net) of Rs. 26,568.13 Lacs as compared to Rs. 24,896.87 Lacs in the previous financial year, which shows an increase of about 6.71% of turnover as compared to the previous financial year. The other income of the company for the said period stood at Rs. 145.58 Lacs as compared to Rs. 134.58 Lacs of previous financial year. The PAT levels were stood at Rs. 714.53 Lacs as compared to Rs. 625.40 Lacs previous financial year, which shows a increase of 14.25% as compared to last financial year.

3) DIVIDEND:

Your Directors recommend a final dividend of 15% i. e. Rs.1.50 for each Equity Shares of Rs. 10/- for the year ended March 31, 2013, subject to the approval of shareholders at the ensuing Annual General Meeting.

4) TRANSFER TO STATUTORY RESERVE

In accordance with the statutory provisions and companies (Transfer of Profit to Reserves) Rules, 1975, The Company has transferred 5% of its distributable profit to Statutory Reserve as per the provision of Companies Act, 1956.

5) DEPOSITS:

Your Company has not accepted any public deposit within the meaning of the provisions of Section 58A of the Companies Act, 1956.

6) INTERNAL CREDIT RATING

Care rating services has assigned to the Company its '**CARE BBB-**' corporate credit rating with outlook as stable

7) 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. 2013-14.

8) DIRECTORS:

The Board of Directors of your company has various executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning. Mr. Ashok Shah, Mr. Gunvant Shah and Mr. Haren Desai, Directors of the company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

Your directors recommend the re-appointment of these directors.

9) CORPORATE GOVERNANCE

Your company has taken adequate measures to ensure that the provision of corporate Governance as prescribed under clause 49 of the listing agreement with stock exchanges are complied with. A detailed report as per **Appendix-I** on corporate governance, as certified by the Company Secretary in whole time practice on its Compliance by the Company, forms part of this report. All the Board members and senior management personnel have affirmed compliance with the Code of Conduct.

10) MANAGEMENT DISCUSSION & ANALYSIS

The management discussion & analysis is given separately and forms part of this annual report.

11) AUDITORS

M/s. Pankaj K. Shah Associates, Chartered Accountant (firm registration no. 107352W), retire at the close of this Annual General Meeting and is eligible for re-appointment. The Company has received confirmation that their reappointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval.

12) AUDITORS REPORT

In the opinion of the directors, the notes to the accounts are self-explanatory and adequately explain the matters, which are dealt with by the auditors and therefore need not require any comments under section 217(3) of the Companies Act, 1956.

13) COST AUDITORS

The Government has stipulated Cost Audit of the Company's records in respect of Steel tubes and pipes industries from the financial year commencing from 01/04/2012. M/s Kiran J. Mehta & Co., Cost Accountants have carried out this audit. Their findings have been satisfactory.

14) 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, 2013 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 taken 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;
- iv. The financial statements for the year ended 31st March 2013 have been prepared on a going concern basis.

15) 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.

16) EMPLOYEES:

Relations between the employees and the management continued to be cordial during the period under review. The Directors hereby place on record their appreciation for the efficient services rendered by the company's employees at all levels.

None of the employee of the Company was drawing the remuneration exceeding the ceiling limits as prescribed in the Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956 during the year under review. Hence, no information is required to be appended to this report in this regard.

17) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Statement giving Particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and out-go, in terms of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) Rules, 1988 is given in **Annexure** forming part of this Report.