

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.

17th Annual Report 2009-2010

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 SHRI MAHESH V. PARIKH	(Chairman & C.E.O.) (Vice Chairman & Wholetime Director) (Managing Director) (Wholetime Director) (w.e.f. 7th May, 2010)
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 AXIS 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.	

10 YEARS OVERVIEW

(₹ In Lacs)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales & Other Income	2357.93	2839.47	4844.95	7073.87	10034.56	11693.12	23328.49	29223.09	23097.13	17687.13
Profit before Interest, Depreciation & Tax	303.97	291.02	224.05	395.80	568.58	795.23	2107.68	3476.85	2193.84	2784.80
Depreciation	81.26	90.17	96.52	115.82	127.64	138.68	338.65	502.82	545.41	893.40
Net Profit after tax for the year	53.96	40.54	68.12	105.95	192.31	295.89	833.82	1366.31	595.04	533.25
Share Capital	515.47	515.47	515.47	515.47	515.47	515.47	566.97	1700.91	1700.91	1926.41
Reserve & Surplus	315.34	418.89	487.01	592.96	726.49	942.45	2995.29	2918.82	3200.23	5243.96
Shareholders Funds	830.81	934.36	1002.48	1108.43	1241.96	1457.92	3562.26	4619.73	4901.14	7170.37
Gross Block	988.12	1045.84	1121.52	1395.48	1673.53	4031.95	5676.98	6465.42	7966.08	12951.26
Net Block	703.64	672.94	656.07	581.27	966.47	3186.49	4495.20	4780.81	5740.26	9837.65
Net Current Assets	910.00	948.94	1042.28	979.29	1871.89	227.24	6191.09	5652.81	5329.38	7270.39
Dividend	Nil	Nil	Nil	Nil	51.54	61.85	85.04	255.14	255.14	255.14
Rate of Dividend	Nil	Nil	Nil	Nil	10%	12%	15%	15%	15%	15%
Book Value of share (in Rs.) (Face Value Rs. 10/-)	16.12	18.13	19.45	21.50	24.09	28.28	62.83	27.16	28.81	37.22
Earnings per Share (in Rs.)	1.05	0.79	1.32	2.06	3.73	5.74	14.71	8.03	3.50	2.77
Yearly High & Low Share Price Rupees	10-10	10-10	10-10	18-10	49-13	80-27	250-56	421-108	222-47	147-61

NOTICE TO THE MEMBERS

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Suraj Stainless Limited will be held on Thursday November 25, 2010 at 10:00 a.m., at 'Suraj House', Opp. Usmanpura Garden, Ashram Road, Ahmedabad-380 0014, to transact the following businesses:

ORDINARY BUSINESS :

1. To Consider and adopt the audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Shri Ashok T. Shah, who retire by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Shri Gunvant T. Shah, who retire by rotation and being eligible, offer himself for re-appointment.
5. To appoint a Director in place of Shri Haren R. Desai, who retire by rotation and being eligible, offer himself for re-appointment.
6. 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 M/s. Pankaj K. Shah Associates, Chartered Accountants, be and is hereby 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 :

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 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Mahesh V. Parikh, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 134 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. 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, 310 and 311 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 revision in the remuneration and benefits payable to Shri Bipin K. Prajapati, Whole Time Director of the Company for the remaining period of his tenure of office with effect from 1st April, 2010 upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement."
9. 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 Ashok T. Shah, Chairman & CEO of the Company for a period of five years with effect from 1st August, 2010 upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement."
10. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **Special Resolution**:
"RESOLVED THAT pursuant to the Scheme of Amalgamation and provisions of section 21 of Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 if any, and subject to the availability of name and the approval of the Registrar of Companies the name of the Company be changed from 'Suraj Stainless Limited' to 'Suraj Limited' and the name of Suraj Stainless Limited, wherever it appears in the Memorandum, Articles, documents, etc. be substituted by the new name 'Suraj Limited' in due course.
RESOLVED FURTHER THAT the Shri Ashok T. Shah, Chairman & CEO of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

Place : Ahmedabad
Date : 28-10-2010

By Order of the Board of Directors

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

Viral M. Shah
Company Secretary

NOTES :

1. **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.**
2. 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.
3. Brief resume of Directors retire by rotation and offer themselves for reappointment
Ashok T. Shah: is a Chairman & CEO and one of the Promoter of the Company. He is having a vide experience with respect to key functional area like, Finance & Manufacturing. Ashok T. Shah is commerce graduate and having experience for more than 20 years in this industries.
Gunvant T. Shah: Vice Chairman & Whole Time Director of the Company. A science graduate having a good knowledge of business is promoter director. He is having more than 16 years of experience in the field of Sales and Marketing for the Company.
Haren R. Desai: Independent Director of the Company, Engineer by profession Haren R. Desai is having a more than 30 years of experience in manufacturing of Stainless Steel Pipes and tubes. He associates with this Company since July 2008.
4. 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.
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 November 25, 2010
8.
 - a) The Company has already notified closure of Register of Members and Share Transfer Books from Thursday, November 18, 2010 to Thursday, November 25, 2010 (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 25th November, 2010 to those members whose name shall appear on the Company's Register of Members on November 17, 2010; 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 Agent, 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 down loaded 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. 7

In its effort to broad-base the Board of Directors of the Company and to comply clause 49 of Listing Agreement with the Stock Exchanges, the Company appointed Shri Mahesh V. Parikh as an Additional Director - Independent Director of the Company at the Board Meeting held on 7th May, 2010. Pursuant to section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting of the Company. Shri Mahesh V. Parikh is 63 years old and he is an engineer having wide experience of over 40 years in fabrication industry. A notice in writing along with a deposit of ₹ 500/- under section 257 of the Companies Act, 1956, has been received from a shareholder of the Company signifying his intention to propose Shri Mahesh V. Parikh as a candidate for the office of Director, The Board recommend that he be appointed as Director of the Company.

Except Shri Mahesh V. Parikh, none of the directors are interested in the resolution.

Item No. 8

Shri Bipin K. Prajapati was appointed Whole Time Director of the Company for a period of five years with effect from 31st January, 2007. The Board of Directors of the Company had at its meeting held on 7th May, 2010, approved the proposal for increase in remuneration of Shri Bipin K. Prajapati, Whole Time Director of the Company for the remaining period of his tenure of office.

The said proposal for increase in remuneration is subject to the approval of the members of the Company in a General Meeting and/or Central Government.

The revised terms and conditions including remuneration are as under:

Salary : ₹ 1,00,000/- (Rupees One lac) per month.

Perquisites :

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

Terminal Benefits:

Company's contribution to Provident Fund/ Superannuation Fund/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable at a rate not exceeding half- a-month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

All perquisites provided to the Whole-time 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.

The Whole-time Director shall not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof.

The aforesaid increase in the remuneration payable to Shri Bipin K. Prajapati is in conformity with Schedule XIII of the Companies Act, 1956.

Except Shri Bipin K. Prajapati, none of the directors are interested in the resolution.

Item No. 9

Shri Ashok T. Shah was appointed as a Chairman & C.E.O. of the Company for a period of 5 years which expires on 1st August, 2010. At the board meeting held on 7th May, 2010, the Board re-appointed Shri Ashok T. Shah as a Chairman & C.E.O. for a further period of 5 years with effect from 1st August, 2010, subject to the approval of shareholder of the Company.

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

Salary : ₹ 3,00,000/- (Rupees Three lac) per month.

Perquisites:

In addition to Salary, the Chairman & C.E.O. shall also be entitled to perquisites like Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, together with utilities thereof such 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 Chairman & C.E.O.

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

Terminal Benefits:

Company's contribution to Provident Fund/ Superannuation Fund/Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable at a rate not exceeding half- a-month's salary for each completed

year of service and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

All perquisites provided to the 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.

The terms and conditions of reappointment of Shri Ashok 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 Ashok 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.

The Chairman & C.E.O. shall not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof.

The draft of Agreement between the company and Shri Ashok T. Shah, referred to in the Notice is open for inspection at the Registered Office of the Company during office Hours on all working days, except Sunday, between 11 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 Gunvant T. Shah and Shri Kunal T. Shah being brother of Shri Ashok T. Shah shall be deemed to be concerned or interested in this resolution.

Item no. 10

The Scheme of Amalgamation of Suraj Limited with the Company was approved by the Shareholders in the Extra ordinary General Meeting of the Company held on 16th January, 2010 and the same is also approved by the Hon'ble High Court of Gujarat on 5th August, 2010. As per the Scheme of Amalgamation the name of the Company be changed from Suraj Stainless Limited to Suraj Limited.

Place : Ahmedabad

Date : 28-10-2010

By Order of the Board of Directors

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

Viral M. Shah
Company Secretary

DIRECTORS' REPORT

To,

The Shareholders

The Directors have the pleasure in presenting the 17th Annual Report of your company for the Financial Year 2009-2010.

Financial Results

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

(₹ In Lacs)

	2009-2010	2008-2009
Sales and other Income	17687.12	23097.13
Interest	869.37	737.00
Profit Before Depreciation	1915.41	1456.84
Depreciation	893.40	545.42
Profit Before Tax	1022.01	911.42
Taxation -- Current Tax	173.52	328.00
-- FBT Tax	-	6.89
-- Income Tax of earlier years	17.43	8.76
-- Deferred Tax (Assets)/Liability	315.23	(18.50)
Profit after Tax	515.82	586.27
Prior Period Adjustment	(1.60)	(6.38)
Net Profit after prior period adjustment	514.21	579.89
Balance b/f from Previous Year	2581.98	2329.59
Amount available for proposed Appropriations:	3096.20	2909.48
Appropriations		
Proposed Dividend	255.14	255.14
Provision for Tax on Dividend	43.36	43.36
Transfer to Statutory Reserves	25.71	28.99
Balance c/f to Balance Sheet	2771.99	2581.99

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

The gross sales for the period ended March 31, 2010 was ₹ 18432.98 lacs as compared to ₹ 24271.83 lacs in the previous year registering a decrease of 24.06%. The Profit before Tax (PBT) for the period was ₹ 1022.01 as against ₹ 911.42 lacs registering a growth of over 13.12%. However due to high provisioning of deferred tax liability. The Profit after Tax (PAT) i.e., distributable profit clocked a decrease of 11.32% and resulted at ₹ 514.21 as against ₹ 579.89 lacs.

Dividend

Your Directors recommend a dividend of 15 % i. e. ₹ 1.50 for each Equity Shares of Rs. 10/- for the year ended March 31, 2010 subject to the approval of shareholders at the ensuing Annual General Meeting.

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, 2010.

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. Ashok T. Shah, Mr. Gunvant. T. Shah and Mr. Haren R. Desai, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Mahesh V. Parikh retires at the ensuring Annual General Meeting under section 260 of the companies Act, 1956. However the Company has received notice of his candidature under section 257 of the Companies Act, 1956 and being eligible for reappointment, offers himself for reappointment.

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, 2010 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.

Auditors

Comments of the Auditors in their report and the notes forming part of the Accounts are self explanatory and need no comments.

The Auditors, M/s. Pankaj K. Shah Associates, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The directors recommend the re-appointment of M/s. Pankaj K. Shah Associates, as the Company's Auditors.

Management Discussion and Analysis

The operational performance and future outlook of the business has been reviewed by the management based on current resources and future development of the Company.

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.

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 a part of the annual report.

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

Industrial relations in the Company were very cordial and stable. Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended regarding employees, is given in the annexure to the directors' report.

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.

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. 2010-11.

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.

Amalgamation:

The Company has already received an order from Hon'ble High Court, Gujarat for amalgamation of Suraj Limited with Suraj Stainless Limited which is effective from 01-04-2009 and accordingly this results includes performance of transferor Company also.

Appreciation and Acknowledgements

Your Directors would like to express their appreciation for assistance and co-operation received from investors, customers, business associates, vendors, as well as regulatory and governmental authorities, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and committed services by the employees of the Company and looking forward to their continued patronage.

For and on behalf of the Board of Directors

Ahmedabad
Date : 28-10-2010

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, 2010.

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 31-03-2010	Year Ended 31-03-2009
A). Power and Fuel Consumption		
▶ Electricity		
❖ Purchase in Unit KWH	3991180	3386102
❖ Total Amount (Rs)	25770427	22516004
❖ Rate KWH (Rs)	6.46	6.65
B). Consumption per unit of production		
❖ Production (M.T.)	7723.584	8063.20
❖ Total Nos. of Unit (KWH)	3991180	3386102
❖ Unit Per M.T. (KWH)	516.75	419.95
❖ Cost per M.T. (Rs)	3338.20	2792.44

B) B) Technology Absorption:

The Company has not taken any technology in particular or entered into any technology agreement during the period hence the information required as per Form B is not applicable to the Company.

C) Foreign Exchange Earning and Outgo:

Particulars	Amount In ₹
1) Foreign Exchange earned for :	
Export of Goods	80,02,55,106
2) Foreign Exchange Outgo for :	
i) Material Import on CIF Basis	35,24,99,593
ii) Capital Goods Imported	27,73,491
iii) Stores & Spares	30,27,014
iv) Foreign Travel	12,96,896
v) Advertisement	29,53,310
vi) Sales Commission	16,39,414
vii) Business Development Exp.	19,51,312

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name of the Employee	Remuneration received in ₹		Nature of employment whether permanent or contractual	Other terms & conditions	Nature of duties of the employee	Qualification & Experience of the employee	Date of Commencement of employment	Age of the employee	No. of Equity shares held in the company	The last employment held by such employee before joining the company
	(2009-10)	(2008-09)								
Ashok T. Shah	3603500	3648500	Contractual	Appointment for a period of 5 years	Chairman & CEO	Graduate In the field of Finance Since Last 20 Years	01-08-05	44 Years	1070700	Own Business
Gunvant T. Shah	3603500	3648500	Contractual	Appointment for a period of 5 years	Vice Chairman & Wholetime Director	Graduate In the field of Marketing Since Last 16 Years	01-10-06	39 Years	984600	Own Business
Kunal T. Shah	3603500	3648500	Contractual	Appointment for a period of 5 years	Managing Director	Graduate In the field of Marketing Since Last 14 Years	29-03-06	37 Years	1023600	Own Business

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India (Clause 49) and some of the best practices followed internationally on Corporate Governance, the report containing the details of governance system and process at Suraj Stainless Limited is as under:

1. Company's philosophy on code of governance:

At Suraj, it is our belief that as we move closer towards our aspirations of becoming a global corporation, our Corporate Governance Standards must be globally benchmarked. That gives us the confidence of having put in the right building blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

Traditional views of governance as a regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the Company. Clause 49 has set the benchmark compliance rules for a listed Company the baseline for governance standards. Suraj not only adheres to the prescribed corporate practices as per Clause 49 but is constantly striving to adopt emerging best practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives.

The Company is committed to ethical values and self discipline through standards of good Corporate Governance involving high level of transparency, integrity, accountability and responsibility in all areas of its operations for ensuring protection of the rights and interest of its stakeholders.

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

2. Board of Directors:

- (i) As on March 31, 2010, the Company has seven Directors with an Executive Chairman. Of the seven Directors, three are Independent Directors.
- (ii) None of the Directors on the Board are members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2010 have been made by the Directors.
- (iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Chairmanships / Memberships of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Sr. No.	Name	PD / NPD*	ED / NED / ID*	Attendance in Board Meetings		Attendance in AGM	Other Board		
				Held	Attended		Directorship**	Committee Chairmanship**	Committee Membership (Including Chairmanship**)
1	Ashok T. Shah	PD	ED	4	4	Present	Three	Nil	Nil
2	Gunvant T. Shah	PD	ED	4	3	Present	Three	Nil	Nil
3	Kunal T. Shah	PD	ED	4	3	Present	Three	Nil	Nil
4	Bipin K. Prajapati	NPD	ED	4	3	Present	Nil	Nil	Nil
5	Deepak H. Shah	NPD	ID	4	3	Present	Nil	Nil	Nil
6	Ketan R. Shah	NPD	ID	4	4	Present	Nil	Nil	Nil
7	Haren R. Desai	NPD	ID	4	4	Present	Nil	Nil	Nil

* PD - Promoter Director, NPD - Non Promoter Director, ED - Executive Director, NED - Non Executive Director, ID - Independent Director

** In Indian Public Companies

*** In Audit, Remuneration and Shareholders' committees of Indian Public Limited Companies.

Number of Board Meeting held and the dates on which held

Four Board Meetings were held during the year, as against the minimum requirement of four meetings. The Company has held at least one Board meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Board Meeting are as under:

Sr. No	Date	Board Strength	No. of Directors Present
1	28.04.2009	7	7
2	27.07.2009	7	7
3	16.10.2009	7	5
4	29.01.2010	7	5

3. Audit Committee

- (i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.
- (ii) The terms of reference of the Audit Committee are broadly as under:
 - Overview of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval payment for any other services.
 - Reviewing the financial statements and draft audit report, including the quarterly/half yearly financial information.
 - Reviewing with the management the annual financial statement before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment of management;
 - qualification in draft audit report;
 - significant adjustments arising out of audit;
 - compliance with stock exchange and legal requirements concerning financial statements;
 - Any related party transaction as per Accounting Standard 18.
 - Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- (iii) The Audit Committee invites such of the executives as it considers appropriate, representative of the Statutory Auditors and representatives of the Internal Auditor to be present at its meetings.
- (iv) The previous General Meeting of the Company was held on September 3, 2010 and was attended by Mr. Dipak H. Shah, Chairman of the Audit Committee.
- (v) The Composition of the Audit Committee and the details of meeting attended by its members are given below:

Name of Committee Member	Category	No. of meetings held	No. of meetings attended
Mr. Deepak H. Shah	Independent, Non Executive	4	3
Mr. Ketan R. Shah	Independent, Non Executive	4	3
Mr. Haren R. Desai	Independent, Non Executive	4	4

- (vi) Four Audit Committee Meetings were held during the year. The dates on which the said meeting were held are as follows:
 April 28, 2009; July 27, 2009; October 16, 2010 and January 29, 2010.
 The necessary quorum was present for all the Meetings.

4. Remuneration of Directors:**a) Executive Directors:**

The Company has not set up Remuneration Committee. The remuneration of Executive Directors were fixed by the Board and approved by the shareholders at the Annual General Meeting. Detail of remuneration paid to Executive Directors during the financial year 2009-10 is given below:

(In ₹)

Name	Designation	Tenure of Appointment	Salary	P.F. Contribution	Other Perks	Gross Remuneration
Ashok T.Shah	Chairman, C.E.O	Five Years	3600000	-	3500	3603500
Gunvant T.Shah	Vice Chairman - Whole-time Director	Five Years	3600000	-	3500	3603500
Kunal T.Shah	Managing Director	Five Years	3600000	-	3500	3603500
Bipin K. Prajapati	Whole-time Director	Five Years	900000	-	3500	903500

b) Non Executive Directors:

Non Executive Directors have not paid any remuneration except sitting fees for attending board and committee meeting.

5. Shareholders / Investor's Grievance Committee:

- The Board of the Company has constituted a shareholders/investors' Grievance Committee, comprising of three Non Executive Directors viz., Mr. Deepak H. Shah & Mr. Haren R. Desai are the members and Mr. Ketan R. Shah is the Chairman of the committee.
- The committee interalia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee also looks into shareholders' complaints like transfer of shares, non receipts of Balance-Sheet, Dividend, etc. The committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

6. General Meetings:**(A) Annual General Meeting:**

Annual General Meeting of the Company during the preceding 3 years was held at "Suraj House", Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014.

Date and time of the Annual General Meeting held during the preceding 3 years and the Special Resolution(s) passed thereat are as follows:

2008-09

Date and Time: September 3, 2009 11:00 a. m.

Special Resolutions passed

For increase in Authorized Share Capital of the Company from present strength of Rs. 18 Crore to Rs. 20 Crore

2007-08

Date and Time: September 9, 2008 11:00 a. m.

Special Resolutions passed NIL

2006-07

Date and Time: August 13, 2007 11:00 a. m.

Special Resolutions passed

For issue of 2 Equity Shares as Bonus shares to every shareholder of the Company against 1 Equity Share of the Company

(B) Extra Ordinary General Meeting: January 16, 2010 at 10:00 a.m.

Special Resolution passed:

To approve the Scheme of Amalgamation of Suraj Limited with Suraj Stainless Limited.

7. Disclosures:

- Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives, that may have potential conflict with the interest of Company at large:**

There are no materially significant related party transactions made by the Company with its promoters, Directors or Management, etc., that may have potential conflict with the interest of the Company at large. Transactions with related parties as per requirements of Accounting Standard (AS-18) - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note No. 16 to the Accounts in Annual Report.

(2) Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Notes to the Accounts.

(3) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or Securities & Exchange Board of India or any Statutory Authority, or any matter related to capital markets, during the last three years 2007-08, 2008-09 and 2009-10:

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of Securities & Exchange Board of India. Consequently, there were no strictures or penalties imposed either by Securities & Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during last three years.

8. Code of Conduct:

The Board of Directors has adopted the code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and members of the Senior Management.

9. Means of Communication

As required by Clause 41 Listing Agreement the Un-audited quarterly / half yearly Financial Results were duly approved by the Board of Directors within 30 days from the end of each quarter. The copy of the results was sent to Stock Exchange, where the shares of the Company are listed. The same results were published in the newspapers within 48 hours in two newspapers - one in English and one in Gujarati.

10. General Shareholders Information

I. Annual General Meeting:

Date	:	November 25, 2010
Time	:	10:00 a.m.
Venue	:	'SURAJ HOUSE', Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014.

As required under clause 49(IV)(G)(i) of Listing Agreement with the Stock Exchange, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting are given in the Annexure to the Notice of the Annual General Meeting to be held on November 25, 2010.

II. Financial Calendar:

Year ending	:	March 31
AGM in	:	November
Dividend Payment	:	The Final Dividend if declared, shall be paid/credited on or after November 25, 2010

III. Date of Book Closure/Record Date : 18-11-2010 to 25-11-2010 (both days inclusive)

IV Listing on Stock Exchanges : Bombay Stock Exchange Limited
Floor 25, P. J. Towers, Dalal Street, Mumbai - 400 001.

V. Stock Codes/Symbol : 531638
Listing fees as applicable have been paid

VI. Corporate Identification Number (CIN)
of the Company : L27100GJ1994PLC021088

VII. Market Price Data:

The monthly movement of Equity Share prices on BSE during the year is summarized below:

PERIOD	SHARE PRICE	
	HIGHEST (Rs.)	LOWEST (Rs.)
April-2009	95.00	66.15
May-2009	132.00	83.00
June-2009	147.00	87.15
July-2009	140.00	101.00
August-2009	143.40	97.55
September-2009	140.85	106.60
October-2009	124.80	88.95
November-2009	97.80	67.25
December-2009	81.90	64.50
January-2010	84.00	67.00
February-2010	75.00	61.00
March-2010	71.40	61.10

VIII. Registrar and Transfer Agents : MCS Limited
 101, Shatdal Complex, 1st Floor, Opp. Bata Showroom,
 Ashram Road, Ahmedabad - 380 009
 Telephone 91 79 2658 2878
 Fax 91 79 2658 4027

XI. Share Transfer System

Transfer of Share in physical form is normally processed within 15 days to 21 days from the date of receipt, if the documents are complete in all respect.

X. Dematerialisation of Shares:

Trading in Equity Shares of the Company is permitted only in dematerialized segment as per notification issued by the Securities & Exchange Board of India (SEBI) Status of Dematerialization as on March 31, 2010

Particulars	No. of shares	% of Total capital
NSDL	3451348	20.2912 %
CDSL	4202319	24.7063 %
Total	7653667	44.9975 %

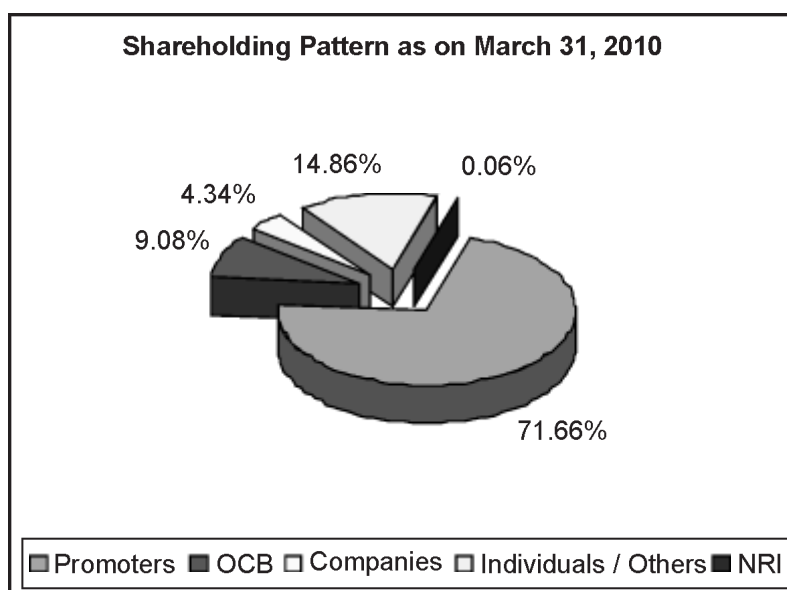
XI Shareholding as on March 31, 2010

(a) Distribution of share holding as on March 31, 2010

No. of Equity Shares held From To	No. of Shares Holders	% of Shares Holders	No. of Shares Held	% of Shares Holding
Up - 5000	2401	95.35	1,047,088	6.16
5001 - 10000	48	1.91	325,358	1.91
10001 - 20000	27	1.07	362,661	2.13
20001 - 30000	9	0.36	224,676	1.32
30001 - 50000	7	0.28	243,961	1.43
50001 - 100000	9	0.36	587,792	3.46
100001-1000000	10	0.40	3,327,764	19.56
1000001-Above	7	0.28	10,889,800	64.02
Total	2518	100.00	17,009,100	100.00

(b) Category of shareholders as on March 31, 2010

CATEGORY	No. of Shares held	% of Share holding
Promoters	1,21,89,400	71.66
OCB	15,45,000	9.08
Companies	7,37,578	4.34
Individuals / Others	25,27,356	14.86
NRI	9,766.00	0.06
Total	1,70,09,100	100.00

**XII. Plant Location:**

Survey No. 779/A, Thol,
Kadi - Sanand Highway, Tal. - Kadi,
Dist. Mehsana, Gujarat, Pin Code: 382 729

Address For Correspondence :

'Suraj House', Opp. Usmanpura Garden,
Ashram Road, Ahmedabad, Gujarat
Pin Code: 380 014

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Suraj Stainless Limited code of Business conduct and Ethics for the year ended March 31, 2010.

For and on behalf of the Board of Directors

Ahmedabad
Date : 28-10-2010

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

CEO CERTIFICATION

We, Ashok T. Shah, Chairman & CEO and Kunal T. Shah, Managing Director of the Company shall certify that, to the best of our knowledge and belief that :

- (a) (a) We have reviewed the balance sheet and profit & Loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report.
 - These statements do not contain any materially untrue statement or omit any material fact nor do they contain statement that might be misleading;
 - These statements together present a true and fair view of the Company, and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of internal control system of the Company pertaining to the financial reporting; and deficiencies in the design or operation of such internal controls, if any of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies, if any.
- (d) We have indicated to Auditors and Audit Committee that :
 - 1) There has not been any significant change in internal control over financial reporting during the year under reference;
 - 2) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - 3) We are not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Ahmedabad
Date : 24-09-2010

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

Kunal T. Shah
Managing Director

AUDITORS REPORT ON COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE

To

The Share Holders of Suraj Stainless Limited.

We have examined the compliance of conditions of corporate governance by Suraj Stainless Ltd, for the year ended on March 31, 2010 as stipulated in clause 49 of the Listing Agreement entered in to with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied except 50% composition of Independent Directors in the Board during last Financial Year with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended 31st March 2010, no investor grievances are pending against the Company for a period exceeding one month as per the records maintained by the Company and presented to the investors/Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For, PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

Place : Ahmedabad
 Date : 28-10-2010

Pankaj K. Shah (Proprietor)
M. No. : 34603

AUDITORS' REPORT

To The Members,

M/S SURAJ STAINLESS LTD.

Ahmedabad.

1. We have audited the attached Balance Sheet of M/S SURAJ STAINLESS LTD., as at 31st March 2010 and the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the companies (Auditor's Report) (amendment) order, 2004 issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that: We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - a) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - b) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - c) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
 - d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors of the company are prima facie disqualified as on 31st March 10 from being appointed as Directors of the company in terms of clause (g) of Section 274(1) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes in schedule 18 thereon, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
 - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010.
 - ii) In the case of Profit & Loss account, of the Profit for the year ended on that date and,
 - iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For, PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

Place : Ahmedabad
 Date : 24.09.2010

Pankaj K. Shah (Proprietor)
M. No. : 34603

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditor's report to the members of **M/S SURAJ STAINLESS LTD.** on the accounts for the year ended 31st March, 2010.

- (i) (a) According to the information and explanation given to us, the fixed assets records showing full particulars including quantitative details and situation of fixed assets are under compilation.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The company has not disposed of substantial part of its fixed assets during the year.
- (ii) (a) The Inventories lying with the company have been physically verified by the management to the extent practicable at reasonable interval during the year or at the year end.
- (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion the company is maintaining proper records of inventory and according to the records of the company, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt within the books of account.
- (iii) (a) According to the information & explanations given to us, the Company has not granted any loans, secured or unsecured to company, firms or other parties covered in the Register maintained under section 301 of Companies Act, 1956, Accordingly clause (b), (c) & (d) of paragraph 4 of the Order are not applicable to the company.
- (b) According to the information & explanations given to us, the Company has taken unsecured loans from two companies to be listed in the Register required to be maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 1551 lacs and aggregate outstanding amount of such loan at the year end is ₹ NIL.
- (c) In our opinion, the rate of interest and other terms and conditions of such loan is not prima-facie prejudicial to the interest of the company.
- (d) In respect of the aforesaid loans, principal amount of loan are repayable on call. However, the company is regular in payment of interest.
- (e) In respect of the aforesaid loan, there are no overdue amounts.
- (iv) In our opinion and on the basis of test checks carried out by us, it appears that there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books of account and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information & explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, and according to information and explanation given to us, the transactions of Purchase of goods and materials, Sale of goods and materials and Services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rupees Five lacs or more in respect of each party, have been made at prices which are reasonable, having regards to the prevailing market prices for such goods, materials & services or the prices at which the transactions for similar goods, materials & services have been made with other parties.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
- (vii) Internal audit is carried out by a firm of Chartered Accountants. On the basis of the reports made by them to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the companies Act, 1956 in respect of the Company's products. As per the information and explanations provided to us, we are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, we are of the opinion that the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, Vat-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable, with the appropriate authorities in India. Based on our audit procedures and according to the information and explanations given to us, and records of the company, there are no arrears of statutory dues which has remained outstanding as at 31st March 2010 for a period of more than Six months from the date they became payable.
- (b) According to the information and explanations given to us, and the records of the company, disputed amounts payable in respect of Income Tax and Sales Tax not deposited with the appropriate authorities are as under:

Name of Statute	Nature of Dues	Disputed Amount ₹	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	2,24,379/-	2003-04	Sales Tax Appellate Commissioner Ahmedabad.
Sales Tax Act	Sales Tax	1,40,975/-	2004-05	Jt. Commissioner of Commercial Taxes Ahmedabad.
Income Tax Act	Penalty	4,48,360/-	A.Y. 2004-05	ITAT
Income Tax Act	Penalty	2,06,340/-	A.Y. 2001-02	CIT (Appeal) - XIV Ahmedabad
Income Tax Act	Income Tax	10,48,579/-	A.Y. 2004-05	ITAT
Income Tax Act	Income Tax	23,39,160/-	A.Y. 2007-08	Jt. Commissioner of Income Tax, Circle - 8, Ahmedabad
Income Tax Act	Income Tax	21,53,467/-	A.Y. 2007-08	CIT (Appeal) - XIV Ahmedabad

- (x) The Company has no accumulated losses as at 31st March 2010 and has not incurred any cash losses during the current financial year and in the immediately preceding financial year.
- (xi) According to the records of the company, and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank during the financial year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the company.
- (xiv) According to the information and explanation given to us, as regards share trading activity, the company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and timely entries have been made therein. The Shares, securities & other investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank.
- (xvi) According to information and explanations given to us, in our opinion, the term loans have been applied for the purpose for which they were obtained/ raised.
- (xvii) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The company has not raised any money by way of public issues during year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company nor have we been informed of such case by the management.

For, **PANKAJ K. SHAH ASSOCIATES**
Firm Registration No. 107352W
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 24.09.2010

Pankaj K. Shah (Proprietor)
M. No. : 34603

BALANCE SHEET AS AT 31ST MARCH 2010

(Amount in ₹)

Particulars	Schedule	As at 31-03-2010	As at 31-03-2009
<u>SOURCES OF FUNDS :</u>			
Shareholders' Funds			
Share Capital	1	192641000	170091000
Reserves and Surplus	2	524395673	320022631
Loan Funds			
Secured Loans	3	933015295	789972160
Unsecured Loans	4	0	208685000
Deferred Tax Liability (See Note of Schedule 18) (Refer notes on Accounts)		61208316	29681342
APPLICATION OF FUNDS :	Total ₹	1711260284	1518452133
Fixed Assets	5		
Gross Block		1295126076	796930264
Less : Depreciation		311360683	222581098
Net Block		983765393	574349166
Add : Capital Work in Progress		0	411089674
		983765393	985438840
Current Assets, Loans and Advances			
Inventories	6	510734149	382494909
Sundry Debtors	7	252726128	239703520
Cash and Bank Balances	8	24413973	22839159
Loans and Advances	9	66955852	66099466
		854830101	711137054
Less : Current Liabilities and Provisions			
Current Liabilities	10	80588095	114860485
Provisions	11	47202525	63338896
		127790620	178199381
Net Current Assets		727039481	532937673
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	455410	75620
Total ₹		1711260284	1518452133
Notes on Accounts	19		

As per our report of even date attached
For PANKAJ K. SHAH ASSOCIATES
 Firm Registration No. 107352W
 Chartered Accountants

Pankaj K. Shah
 Proprietor
 M. No. : 34603

Ahmedabad.
 Date : 24-09-2010

For & on behalf of the Board of Directors

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

Kunal T. Shah Managing Director

Ahmedabad.
 Date : 24-09-2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

(Amount in ₹)

Particulars	Schedule	As at 31-03-2010	Year ended 31-03-2009
INCOME :			
SALES & OTHER INCOME			
Sales		1843297900	2427183076
(Excise)		(97943632)	(132887303)
Net Sales		1745354268	2294295773
Other Income	13	23358357	15417650
		1768712625	2309713423
EXPENDITURE :			
Material Cost	14	1193735245	1758563764
Manufacturing and Other Expenses	15	216688016	253308605
Personnel Expenses	16	79809744	78456486
Interest	17	86937682	73700783
Total Expenses		1577170687	2164029638
Profit Before Depreciation		191541938	145683785
Depreciation		89340109	54541521
Profit Before Tax		102201829	91142264
Provision for Income Tax :			
Fringe Benefit Tax		0	689200
Current Tax		17352830	32800000
Deferred Tax Liabilities / (Assets)		31523555	1850555
(Refer notes : 15 of schedule 18)			
Profit for the year after Tax		53325444	59503619
Add /(Less) : Prior Period Adjustment		160308	638115
(Short)/Excess Provision Of Income Tax & FBT		1743303	876434
Profit after Prior Period Adjustment		51421833	57989070
Balance brought forward		258198706	232958785
Profit Available for Appropriation		309620539	290947855
Appropriations			
Statutory Reserves		2571092	2899454
Proposed dividend		25513650	25513650
Tax on dividend		4336045	4336045
Balance carried forward to balance sheet		277199752	258198706
Earning Per Share Basic & Diluted		2.67	3.41
(Equity Shares Of ₹ 10 Each)			
Notes on Accounts	19		

As per our report of even date attached

For PANKAJ K. SHAH ASSOCIATES

Firm Registration No. 107352W

Chartered Accountants

Pankaj K. Shah

Proprietor

M. No. : 34603

Ahmedabad.

Date : 24-09-2010

For & on behalf of the Board of Directors**Ashok T. Shah**

Chairman & C.E.O.

Kunal T. Shah

Managing Director

Ahmedabad.

Date : 24-09-2010

SCHEDULE FORMING PART OF ACCOUNTS AS AT 31ST MARCH 2010

(Amount in ₹)

Particulars	As at 31-03-2010	As at 31-03-2009
SCHEDULE 1 : SHARE CAPITAL :		
Authorised :		
2,00,00,000 Equity Shares of ₹ 10 each	200000000	180000000
	200000000	180000000
Issued, Subscribed and Paid up :		
1,70,09,100 Equity Shares of ₹ 10/- each fully paid	170091000	170091000
Equity Share Suspence (Refer Note No. 2)	22550000	0
22,55,000 Equity Shares of ₹ 10/- each fully paid, to be issued pursuant to scheme of Amalgamation.		
Refer Note No. 2 of schedule 19 of notes of Account		
Total ₹	192641000	170091000
Note : Of the above shares :		
i) 800 Equity shares have been allotted as fully paid up pursuant to scheme of Amalgamation		
ii) 1,13,39,400 Equity shares have been allotted as fully paid up by way of Bonus shares by capitalisation of Share Premium A/c		
Schedule 2 : Reserves and Surplus :		
General Reserve	26375485	26357918
Statutory Reserves		
Balance at the beginning of the year	14960007	
Add : Transfer from Profit & Loss A/c.	2571092	14960007
Share Premium		
Opening Balance	20506000	
Add : Transfer from Suraj Ltd.	198450000	20506000
As per Scheme of Amalgamation		
Surplus in Profit and Loss Account	277199752	
Less : Debit balance of P&L transferred from Suraj Ltd.	15666663	258198707
Total ₹	524395673	320022632
Schedule 3 : Secured Loans :		
Term Loan :		
From Bank	485527021	468012088
Short Term Loans :		
Working Capital Facilities from bank	447446325	320867478
Other Loan :		
Vehicle Loan	41949	1092594
Total ₹	933015295	789972160
(Due For Payment With in One Year Rs.1203.37 Lacs)		
SCHEDULE 4 : UNSECURED LOAN :		
Inter Corporate Loan	0	208685000
Total ₹	0	208685000

Particulars	As at 31-03-2010	As at 31-03-2009
SCHEDULE 6: INVENTORIES : (As taken, valued and certified by the management)		
Raw Materials	133566342	175796622
Work In Process	321555298	66094004
Finished Goods	21830219	39296706
Advance Licences	14855889	66384606
DEPB Incentive Receivable	12125739	11815695
Stores and Spares	3527632	4892606
Goods in Transit	0	10301037
Scrap	3273030	7913633
Total ₹	510734149	382494909
SCHEDULE 7: SUNDRY DEBTORS : (Unsecured ; considered good)		
- Outstanding for more than six months	14491	0
- Others	252711637	239703520
Total ₹	252726128	239703520
Schedule 8: Cash and Bank :		
Cash on hand	358094	236474
Balance with Schedule Banks :		
In Current A/c	876404	797565
In Deposit Account for Margin Money	23179475	21805120
	24055879	22602685
Total ₹	24413973	22839159
Schedule 9: Loans and Advances : (Unsecured, considered good)		
Deposits	3278394	6865053
Loan to Staff and Others	2320040	706545
Balance with Central Excise	23535106	12521651
Advance Tax & TDS	19059179	36882063
Advances Recoverable in Cash or in kind or for value to be received	14999666	9124154
DEPB Licence	3763467	
Total ₹	66955852	66099466
Current Liabilities & Provisions :		
Schedule 10: Current Liabilities :		
Sales Tax (Payable under Defferement Scheme)	0	4034758
Creditors For Goods	30871886	48989936
Creditors For General Expense	22159622	22314796
Advance from Customers	17977567	27916783
Provision For Expenses	8762005	11020294
UnClaimed Dividend	817015	583918
	80588095	110825727
Total ₹	80588095	114860485

SCHEDULE 5 : FIXED ASSETS

	Gross Block				Depreciation				Net Block	
Description of Assets	As at 01-04-09	Addition During the Year	Deduction During the Year	As at 31-03-10	Upto 01-04-09	For the Year	Addition (Deduction) During the Year	Upto 31-03-10	As at 31-03-10	As at 31-03-09
Land & site	143163300	0	0	143163300	0	0	0	0	143163300	143163300
Devlopment										
Factory Building	142693572	131901078	0	274594650	16815867	8385450	0	25201317	249393333	125877705
Office Premises	21379155	0	0	21379155	2321334	348480	0	2669814	18709341	19057821
Plant & Machinery	383970702	365489786	0	749460488	169847352	69971186	0	239818538	509641950	214123350
Furniture Fixture	19215085	176489	0	19391574	4198303	1223285	0	5421588	13969986	15016782
Office Equipments										
Computer	7558005	240191	0	7798196	4797737	1239179	0	6036915	1761281	2760268
		*60786	0	*60786	*48262	9854	** (17567)	40549	20237	0
Vehicle	19463723	1335295	1007813	19791205	6130976	2011748	(591219)	7551505	12239700	13332747
Wind Mill	59486722	0	0	59486722	18469529	6150927	0	24620456	34866266	41017193
Total	796930264	499203625	1007813	1295126076	222629360	89340108	(608786)	311360683	983765393	574349166

* Asset Transfer from Suraj Limited & Depreciation their on.

** Due to change in method of Depreciation.

Particulars		As at 31-03-2010	As at 31-03-2009
Schedule 11 : Provisions :			
Provision for Income Tax	17352830		33489201
Dividend for the Year	25513650		25513650
Dividend Tax	4336045	47202525	4336045
Total ₹		47202525	63338896
Schedule 12: Miscellaneous Expenditure :			
(To the extent not written off)			
Preliminary Expenses :	662692		113430
Less: Written Off	207282		37810
		455410	75620
Schedule 13 : Other Income :			
Other Income :			
Income Tax Refund	0		4051
Insurance Claim (Purchase)	0		78474
Insurance Claim (Sales)	0		908632
Write-Off	1170636		0
Service Tax Refund	0		1920775
Currency Rate Fluctuation	13919		29197
Misc. Income	124494		360120
Interest Received (TDS ₹ 266553)	2250020		3129903
Power Generation Income	7741241		8623998
D.e.p.b. license Incentive	12854075		0
Rent Income	0		125000
Lease Rent Income	0		237500
Loss of share trading (Schedule No. 18)	(796028)		0
Total ₹		23358357	15417650
Schedule 14 : Material Cost :			
Opening Stock :			
Finished Goods	39296706		18841187
Work in Process	66094004		43061046
Scrap	7913633		6182000
Advance Licences	78200301		24000000
	191504644		92084233
Raw Material Consumed :			
Opening Stock	175796622		225711708
Add: Purchases	1333640496		1808069089
	1509437118		2033780797
Less: Closing Stock	133566342		175796622
	1375870776		1857984175
Closing Stock			
Finished Goods	21830219		39296706
Work in Process	321555298		66094004
Scrap	3273030		7913633
Advance Licences	14855889		66384606
DEPB	12125739		11815695
	373640175		191504644
Total ₹		1193735245	1758563764

Particulars	As at 31-03-2010	As at 31-03-2009
Schedule 15 : Manufacturing and Other expenses :		
Manufacturing Expenses :		
Store Materials Consumed	26935841	25022110
Acid, Chemicals & Gases	12281651	15129787
Power & Fuel	52425426	44351815
Job-Work Charges (R/M)	493666	668499
Repairs & Maintenance :		
Building :	63651	615479
Plant & Machineary:	6937830	9066299
Others	787989	572388
	7789470	10254166
Packing Material Consumed	8689273	9346942
Transportation & Cartage	5398107	6849560
	114013434	111622879
Other Expenses :		
Travelling, Conveyance and Vehicle Expenses	6919271	7948206
Insurance Charges	1211531	1804968
Rates & Taxes	524899	735225
Vat Tax	33824586	25086197
Audit Fees	350000	386050
Bank Charges	10202925	15886147
Professional Charges	1654573	3485105
Legal & Licence Expenses	433082	291579
Communication Expenses	1598085	1883110
Advertisement Expenses	3465013	3807055
Stationary/Xerox	817419	1067763
Loss on Sale of Vehicle	130594	122700
Business Development Exp.	5403900	6822443
Commission on Sales	4152961	28018621
Donation	31251	357900
General Expenses	5216198	3720965
R.O.C. Filling Fees	22500	8700
Miscellaneous Exp. Written Off	207282	37810
Clearing & Forwarding Expenses	24798345	40215182
Tax Collected at Source	1710167	0
	102674582	141685726
Total ₹	216688016	253308605
Schedule 16 : Personnel Expenses :		
Salaries ,Wages, and Bonus	73276710	71263930
Contribution to Provident & Other Funds	1280155	1289460
Staff Welfare	5252879	5903096
Total ₹	79809744	78456486
Schedule 17 : Interest :		
Bank	39365022	50024100
Term Loan	47530467	23481844
Others	42193	194839
Total ₹	86937682	73700783

<u>Particulars</u>		<u>As at</u> <u>31-03-2010</u>	<u>As at</u> <u>31-03-2009</u>
Schedule 18 : Profit (Loss) from Share Trading Bussiness			
Profit of Share Trading :	779668.18		0
Add : Interest Income	75110.00		0
Add : Divident Income	<u>42824.57</u>		0
	897602.75		0
Less :			
Audit Fees	10000.00		0
Computer Maintance	4000.00		0
Demat Charges	9490.13		0
ISO Clearing Charges	9927.60		0
Kasar / Vatav	337.50		0
Legal Fees	12500.00		0
Local Conveyance	988.00		0
Other Expenses	22.84		0
Postage & Courier Exp.	30.00		0
Training Expenses	20000.00		0
Rent Expenses	1575000.00		0
ROC Filing Fees	2500.00		0
S.T.T. Exp.	10196.00		0
Salary Expenses	32600.00		0
SEBI Tax	16.56		0
Service Tax	3870.28		0
Share Transfer Stamp Exp.	30.00		0
Stamp Duty	816.74		0
Stationery Expenses	61.00		0
TO Charges	290.02		0
Interest on FBT	6.00		0
Income Tax Appeal Fees	1000.00		0
Writeoff Exp.	<u>-52.00</u>		0
	<u>1693630.67</u>	<u>(796028)</u>	0

SCHEDULE - 19**NOTES TO THE ACCOUNTS****Schedules Forming Part of The Accounts For The Year Ended 31st March 2010****1. Significant Accounting Policies :****A) Preperation of Financial Statement**

- i) The financial statements are prepared under historical Cost convention on Accrual Basis in accordance with applicable accounting standard issued by the Institute of Chartered Accountants of India and on the basis of a going concern.
- ii) The Company adopts accrual concept in preparation of accounts. Claims /refunds not ascertainable with reasonable certainty are accounted on final settlement. Leave Encashment is accounted as and when incurred and claimed.

B) Fixed Assets :**(i) Fixed Assets :**

Fixed assets are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Direct costs are capitalized till the assets are ready to be put to use. Interest on borrowings, wherever applicable, attributable to new projects is capitalized and included in the cost of fixed assets as appropriate.

(ii) Depreciation :

Depreciation on fixed assets is charged on the Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on Plant & Machinery of the Company is charged for Triple Shift

C) Borrowing costs :

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset, till the asset is ready for use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

D) Inventories :

- a) Raw Materials: Valued at cost or Market Value which ever is Lower.
- b) Work-in-Progress is valued at cost plus direct cost, manufacturing overheads and other related cost.
- c) Finished goods are valued at cost or net realizable value whichever is lower. The cost includes cost of production and other appropriate overheads.
- d) Goods in Transits : At Cost.
- e) Stores and Spares are valued at cost.
- f) Scrap is valued at estimated realisable value.

E) Revenue Recognition :

Sales are recognised when goods are invoiced on dispatch to customers and sales (Gross) are recorded inclusive of excise, value added tax and net of Sales return/ Trade discount. if any, Export sales is recognized at the time of dispatch

F) CENVAT Credit :

The CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head "Loans and Advances"

G) Employee Benefits :

- (a) Provision for gratuity and leave encashment is made on the basis of actuarial valuation at the end of the year in conformity with the Accounting Standard - 15. Actuarial gains or losses are recognized to the profit and loss account.
- (b) Contribution to Provident Fund and Superannuation is accounted for on accrual basis.

H) Foreign Exchange Transactions :

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions.

Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss A/c except in respect of fixed assets where exchange variance is adjusted to the cost of the respective fixed assets.

Monetary items denominated in foreign currencies at the year-end and not covered under forward exchange contracts are translated at year-end rate.

I) Export Benefits :

The Company accounts for Export Benefits under duty exemption Advance License Scheme of the Government of India, in the year of Export of Goods.

Further the export benefits for advance license during the year are adjusted to cost of Imported material and for pending advance licenses at the end of the year are accounted as stock in hand.

Income in respect of Duty Entitlement Passbook (DEPB) in respect of exports made during the period are accounted on accrual basis. Profit or Loss on transfer of DEPB Licenses are accounted in the year of sales.

J) Amortization of Miscellaneous Expenditure :

Preliminary expenses has been amortized over a period of five years in equal installments.

K) Income Tax Expenses :

- Income tax expenses comprise current tax and deferred tax charge or credit.
- Current Tax

The current charge for income taxed is calculated in accordance with the relevant tax regulations applicable to the company.

- Deferred tax

Deferred Tax charge or credit reflects the tax effects of timing differences between accounting Income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date as per the Accounting Standard - 22.

L) Impairment of assets :

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

M) Prior Period Adjustment :

Expenses and income pertaining to earlier/previous years are accounted as prior period items.

N) Earning Per Share :

In determining earning per share, the company considers the net profit after tax and includes the post-tax effect of any extra ordinary items. The number of shares used in computing basic earning per shares is the weighted average number of shares outstanding during the period.

O) Provisions and Contingent Liabilities and Contingent Assets :

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of that obligation. Contingent Liabilities which are considered significant and material by the company are disclosed in the Notes to Accounts. contingent Assets are neither recognized nor disclosed.

2. Amalgamation Scheme :

The Scheme of Amalgamation of Suraj Limited with the Company as approved by the Hon'ble High Court of Judicature at Ahmedabad has become effective on 25th August, 2010 upon obtaining all sanctions and approvals as required under the scheme and upon filing of certified true copies of the order with the Registrar of Companies, Gujarat. The appointed date of the Scheme is 1st April, 2009.

In terms of the Scheme,

- i) The assets and liabilities, rights and obligation of erstwhile Suraj Limited have been vested with the Company w.e.f. April 1, 2009. The Scheme has, accordingly, been given effect to in these accounts. The amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard - 14 issued by the Institute of Chartered Accountants of India as per Scheme of Amalgamation. Accordingly, the assets and liabilities of the erstwhile Suraj Limited as at April 1, 2009 have been taken over at book value.
- ii) The Authorised Share Capital of the Suraj Limited has been transferred to and merged with the Authorised Share Capital of the Company, without payment of any additional fee or stamp duty. Accordingly, Authorised Share Capital of the Company of ₹ 20,00,00,000 (divided into 2,00,00,000 Equity Share of ₹ 10/- each) will be enhanced by an aggregate amount of ₹ 3,25,00,000 (divided into 32,50,000 Equity Shares of ₹ 10/- each.) making Authorised Share Capital at ₹ 23,25,00,000 (divided into 2,32,50,000 of ₹ 10/- each).

- (iii) 22,50,000 equity shares of ₹ 10/- each fully paid are to be issued to the shareholders of Suraj Limited in the ratio of 1 equity shares of the Company for every 1 share held in erstwhile Suraj Limited. Pending allotment as at 31st March, 2010, the amount has been included in Equity Share Suspense Account.
- (iv) Current year result includes figures of the erstwhile Suraj Limited for the period 01.04.2009 to 31.03.2010, & therefore the current year's figures are not comparable to those of previous year.
3. Contingent liabilities not provided for :
- Demand of ₹ 2,24,379/- raised by Sales Tax authorities, for the accounting year 2003-04 which is disputed by the Company.
- Demand of ₹ 1,40,975/- raised by Sales Tax authorities, for the accounting year 2004-05 which is disputed by the Company.
- Penalty Demand of ₹ 2,06,340/- raised by Income Tax authorities, for Assessment year 2001-02 which is disputed by the Company.
- Penalty Demand of ₹ 4,48,360/- raised by Income Tax authorities, for Assessment year 2004-05 which is disputed by the Company.
- Demand of ₹ 10,48,579/- raised by Income Tax authorities, for Assessment year 2004-05 which is disputed by the Company.
- Demand of ₹ 23,39,160/- raised by Income Tax authorities, for Assessment year 2007-08 which is disputed by the Company.
- Demand of ₹ 21,53,467/- raised by Income Tax authorities, for Assessment year 2007-08 in respect of Transferee company which is disputed by the Company.
- Demand of ₹ 9,85,448/- in respect of Service Tax for wrong availment of Service Tax credit on construction service and ₹ 1,44,381/- for wrong availment and utilization of cenvat credit of capital goods.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts (net of advances) NIL. (Previous year ₹ 298.48 Lacs)
5. In terms of accounting policy (J) for the accounting of export incentives, estimated benefit of ₹ 148.56 Lacs have been taken in to account under DES Schemes. Steps are being taken to import raw materials and utilize the same.
6. **Securities :**
- a) Term Loan of ₹ 6200.00 Lacs availed from Punjab National Bank is secured by way of first charge over company's block of assets including all the immovable properties, both present and future situated at Survey No. 771,772,773,774,777 & 779/A, at Village Thol, Tal. Kadi, Dist. Mehsana and also on land situated at Survey No. 767/2 at Village Vanku Moti Sondholli Dist. Kutch and personal guarantees of promoter Directors of the Company viz. Ashokbhai T. Shah, Kunalbhai T. Shah & Gunvantbhai T. Shah and corporate guarantee of M/s. Suraj Impex Pvt. Ltd. Further the said Loan will be collaterally secured by way of second pari-passu charge on current assets of the company with SBI.
- b) The working capital Limits from Punjab National Bank and State Bank of India are secured against Hypothecation of Raw Materials, Finished and Semi-finished Goods, Stores and spares, Book Debts of the company and personal guarantees of promoter Directors of the Company viz. Ashokbhai T. Shah, Kunalbhai T. Shah & Gunvantbhai T. Shah and corporate guarantee of M/s. Suraj Impex Pvt. Ltd. It is further secured by Second charge on block of Assets of the Company both movable and immovable except Office Building.
- c) Term Loan of ₹ 2.00 Crore from AXIS Bank Ltd. is secured by way of first charge over company's office building & furniture fixture & equipment therein, both present and future situated at Suraj House Opp. Usmanpura Garden, Usmanpura, Ahmedabad - 14.
- d) Other Loan is secured by hypothecation of cars and other vehicles..
7. **Particulars of Managerial Remuneration :**
- As fixed monthly remuneration has been paid to the Directors' as per Schedule XIII of the Companies Act, 1956, the company has not computed net profit for the purpose of Managerial remuneration under section 349 of the Companies Act, 1956.
- Managerial Remuneration paid to Managing Director and Whole Time Directors is ₹ 1,17,14,000 /- (previous year ₹ 1,17,14,000/-) included in salaries & wages.
8. **Amount Paid / Payable to Auditors :**

Sl	Particulars	2009-2010	2008-2009
a)	Audit Fees	3,00,000	3,08,840
b)	Tax Audit Fees	50,000	77,210
c)	For other works	2,89,538	2,23,690
	Total	6,39,538	6,09,740

9. In the opinion of the Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and provision for all known and determined liabilities (except wherever otherwise stated) are adequate and not in excess of the amount reasonably necessary.
10. Balances under Sundry Debtors, Sundry Creditors, Loans & Advances are subject to confirmation and reconciliation with the respective parties/ concerns. Necessary adjustment if any, thereon having an importance of revenue nature, will be made in the year of such confirmation / reconciliation.
11. Capital work in Progress includes preoperative expenditure pending allocation to a project under implementation are as under:

(₹ in Lacs)

Preoperative Expenses	2009-10	2008-09
Managerial Remuneration	--	900000
Staff Salary	--	1197420
Term Loan Interest & Documentation Charges	--	19919727

12. **Employee Benefits :**

As per Accounting standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below :

a) **Gratuity (defined benefit plans)**

The Company has defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

b) **Leave wages (long term employment benefit)**

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age

Particulars	Privilege Leave (non funded)	Gratuity (funded)
Change in the present value of the defined benefit obligation.		
Opening defined benefit obligation	239775	2509584
Interest cost	19853	207794
Current service cost	25589	383866
Benefits paid	(24902)	(363629)
Actuarial (gain) / loss on obligation	(97346)	139610
Closing defined obligation	162969	2598005
Change in the fair value of plan asset		
Opening fair value of plan asset	--	1654731
Expected return on plan asset	--	158507
Contribution by employer	--	436651
Benefits paid	--	(363629)
Actuarial (gain) / (loss)	--	(18614)
Closing Balance of fair value of plan assets	--	1867646
Amount recognized in the balance sheet		
(Assets)/liability at the end of the year	162969	2598005
Fair value of plan assets at the end of the year	--	1867646
Difference	162969	730359
Unrecognized past service cost	--	--
(Assets)/liability recognized in the balance sheet	162969	2598005
Income/expense recognized in the profit and loss account statement		
Current service cost	25589	383866
Interest cost on benefit obligation	19853	207794
Expected return on plan assets	--	(158507)
Net actuarial (gain) / loss in the period	(97346)	120996
Net Expenses	(51904)	312157
Movement in net liability recognized in balance sheet		
Opening net liability	239775	854853
expenses as above (P&L charge)	(51904)	312157
Employers contribution	(24902)	(436651)
(Assets)/liability recognized in the balance sheet	162969	730359
Principal actuarial assumption as at balance sheet date		
Discount Rate	8.28%	8.28%
Expected rate of return on the plan assets	0.0%	9.0%
Annual increase in salary cost	6.0%	6.0%
The categories of plan assets as % of total plan assets are with insurance company	0.0%	100.00%

13. Segment Reporting :**a) Primary Segment :**

The Company's operations predominantly relates to a single segment namely "Stainless Steel Tubes & Pipes" which as per Accounting Standards 17 is considered the only reportable business segment.

b) Secondary Segment :

Secondary Segment is geographical, which is determined on the basis of location of the customer, is classified as either domestic or overseas and the same is as under :

(₹ in Lacs)

Sales	2009-10	2008-09
Domestic Sales	9,166.02	6,764.53
Export Sales	8,287.52	16,178.42
Total	17,453.54	22,942.95

Note : Since income from power generation is set off against Electricity Exp., it is not treated as a separate segment.

14. Earning per share (EPS) :

Sr. No.	Particulars	2009-2010	2008-2009
a)	Net Profit after Tax available for Equity Shareholders (Rupees)	5,14,21,833	5,79,89,070
b)	Weighted average number of Shares at the beginning Bonus Shares / Preferential shares issued during the year 2007-2008.	1,92,64,100	1,70,09,100
c)	Weighted average number of shares	1,92,64,100	1,70,09,100
d)	Basic and Diluted Earning per Share (Rupees)	2.67	3.41

15. In compliance with the Accounting Standard 22 relating to "Accounting for Taxes on Income" issued by the institute of Chartered Accounting of India, the Company has recognized the deferred tax liability in the accounts of current year as under :-

Particulars	Balance as on 01-04-08	Adjusted During the year	Balance Carried as on 31-03-10
A) Deferred Tax Liabilities:			
On account of timing difference in Depreciation	2,96,84,761.00	3,15,23,555.00	6,12,08,316.00
Net Deferred Tax Liability	2,96,84,761.00	3,15,23,555.00	6,12,08,316.00

16. As required by Accounting Standard 18 issued by Institute of Chartered Accountants of India relating to Related Party Disclosure, information is as under:

a) Related parties and nature of relationship*** Directors of the Company :**

- 1 Shri Ashok T. Shah
- 2 Shri Guntant T. Shah
- 3 Shri Kunal T. Shah
- 4 Shri Bipin K. Prajapati
- 5 Shri Ketan R. Shah
- 6 Shri Dipak H. Shah
- 7 Shri Haren R. Desai

*** Associate Companies :**

- 1 Suraj Impex Pvt. Ltd.
- 2 Suraj Enterprise Limited
- 3 Suraj Retail Pvt. Ltd.
- 4 Suraj Star Trading Pvt. Ltd.
- 5 Suraj Commodities Pvt. Ltd.
- 6 TBS Metal Ltd.

(b) Transactions that have taken place during the period April 1, 2009 to March 31, 2010 with related parties by the company.

Name of the Related Parties with whom the transaction have been made	Description of Relationship with the party	Nature of Transaction	Amount 2009-10 (₹) in Lacs.	Amount Outstanding as on 31-03-10 (₹) in Lacs.
Suraj Enterprise Ltd.	Associate Company	Temporary Adv. Taken Temporary Ad. Given	1228.00 1228.00	----
Suraj Impex Pvt. Ltd.	Associate Company	Temporary Adv. Taken Temporary Ad. Given	1293.00 1293.00	----
TBS Metal Ltd.	Associate Company	Purchase Sales	74.07 281.56	----
Shri Ashok T. Shah	Chairman & C.E.O.	Remuneration P. F. Contribution Bonus	36.00 0.093.6 0.035	2.27
Shri Gunvant T. Shah	Vice Chairman & Whole Time Director	Remuneration P. F. Contribution Bonus	36.00 0.093.6 0.035	2.27
Shri. Kunal T. Shah	Managing Director	Remuneration P. F. Contribution Bonus	36.00 0.093.6 0.035	2.27
Shri Bipin K. Prajapati	Whole Time Director	Remuneration P. F. Contribution Bonus	9.00 0.0936 0.035	0.63
Shri Dipak H. Shah	Non Executive Director	Sitting Fees	0.10	--
Shri Ketan R. Shah	Non Executive Director	Sitting Fees	0.075	--
Shri Haren R. Desai	Non Executive Director	Sitting Fees	0.050	--

Related party relationship is as identified by the management and relied upon by the auditors.

17. Additional Information pursuant to the provisions of para 3, 4C and 4D of Part- II of Schedule VI of the Companies Act, 1956,

As certified by the management and relied upon by the auditors.

a) Installed capacity & Actual production

Qty. In MT

Particulars of Capacity	2009-2010	2008-2009
• Licensed Capacity	N.A.	N.A.
• Installed Capacity		
• Welded Tubes & Pipe	4400MT	4400MT
• Seamless Tubes & Pipe	4400MT	4400MT
Total	8800MT	8800MT

b) Details of Opening & Closing Stocks

(Qty in M.T./Value in Lacs)

Sr. No.	Particulars	Opening Stock				Closing Stock			
		2009-2010		2008-2009		2009-2010		2008-2009	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
1	S. S. Strips Coils, Pipe & Round bar	952.015	1812.98	985.68	2257.12	938.365	1335.66	952.015	1812.98
2	S.S. Pipe Tubes	89.902	367.89	70.718	188.41	105.458	218.30	89.902	367.89
3	S.S. Scrap	126.435	115.24	61.82	61.82	36.367	32.73	126.435	115.24
4	W.I.P.	357.979	594.89	185.197	430.61	1937.650	3215.55	357.979	594.89

c). Details of Production and Sales

(Qty in M.T./Value in Lacs)

Sr. No.	Particulars	Production		Sales		Sales	
		2009-2010	2008-2009	2009-2010		2008-2009	
		Qty in Mt.	Qty in Mt.	Qty in Mt.	Value	Qty in Mt.	Value
01	S.S. Pipe & Tubes	5554.106	5865.092	5538.549	13456.980	5845.908	20849.404
02	S.S. Scrap	2169.477	2198.107	2259.545	2668.067	2133.592	2021.13

d) Details of Raw Material and Stores & Spares Consumed.

(Qty. in M.T./Value in Lacs)

Sr No.	Item	2009-2010		2008-2009	
		₹ in Lacs		₹ in Lacs	
		Qty. in MT	Value	Qty. in MT	Value
	Raw Material :				
01	S.S. Scrap Coil & S.S. Pipes / Tubes				
	Indigenous	7814.360	10683.30	3712.451	10711.48
	Imported	2053.586	3075.40	5065.054	7825.36
	Total	9867.946	13758.70	8777.505	18536.84
02	Stores & Spares				
	Indigenous	-	80.13	-	109.95
	Imported	-	30.27	-	44.88
	Total	-	110.40	-	154.83

18. Details of imported and indigenous Materials Consumed :

(Qty. in M.T.)

Particulars	2009-2010		2008-2009	
	Qty. (M.T.)	% of Total Consumed	Qty. (M.T.)	% of Total Consumed
Indigenous	7814.360	79.19%	3712.451	42.30 %
Imported	2053.586	20.81%	5065.054	57.70 %
Total	9867.946	100%	8777.505	100.00 %

19. Value of Imports on C.I.F. Basis

(Amount in ₹)

Particulars	2009-2010	2008-2009
Raw Material (₹)	352499593.00	1114949263.00
Capital Goods	2773491.00	78363549.00
Stores	3027014.00	4488474.00

20. Expenditure in Foreign Exchange (on actual payment basis)

(Amount in ₹)

Particulars	2009-2010	2008-2009
Traveling Expenses (₹)	1296896.00	2747882.00
Sales Commission (₹)	1639414.00	28018621.00
Advertisement (₹)	2953310.00	2891536.00
Business Development(₹)	1951312.00	2770700.00

21. Earning in Foreign Exchange

Particulars	2009-2010	2008-2009
Export Sales (F.O.B. Value ₹)	800255106.00	1571798934.00

22. Dividend remitted to Non Resident :

Number of Shareholders	1
Number of Shares held	15,45,000
Net amount of dividend remitted	
- Final dividend for the year 2008-09	₹ 2317500.00
	\$ 48031.09

23. The Company has not received any information from 'Suppliers' regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.

24. Schedule 1 to 19 will form part of the Balance Sheet as at 31st March, 2010

25. Previous year's figures have been regrouped/reclassified and/or rearranged wherever considered necessary.

26. Particulars as required in part IV to schedule VI is annexed herewith.

Signature to Schedule 1 to 19

As per our report of even date.

For PANKAJ K. SHAH ASSOCIATES
Firm Registration No. 107352W
Chartered Accountants

Pankaj K. Shah
Proprietor
M.No. : 34603

Ahmedabad.
Date : 24-09-2010

For and on behalf of the Board of Directors

Ashok T. Shah Chairman & C.E.O.
Kunal T. Shah Managing Director

Ahmedabad.
Date : 24-09-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**(Pursuant to the Listing Agreement with Stock Exchanges)**

	Year Ended 31-03-2010 (₹ In Lacs)	Year Ended 31-03-2009 (₹ In Lacs)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before taxation and extraordinary items	1022.02	911.42
Adjustment for -		
Depreciation	893.4	545.41
Misc. Expenditure W/Off	2.07	0.38
Interest Expenses	869.38	737.00
Interest Income	-22.5	-31.30
Loss / (Profit) on Sale of Vehicle	1.31	1.23
Accouts Written off	-11.71	2.94
Gratuity Income	-1.24	0
	1730.71	1255.66
Operating Profit Before Working Capital Changes	2752.73	2167.08
Adjustment for -		
Trade and Other Receivables	2023.78	410.00
Inventories	-994.54	-219.62
Trade and Other Payables	-345.58	-89.28
	683.66	101.10
Cash Flow Before Extra Ordinary Items	3436.39	2268.18
Extra Ordinary Items (Prior period Adjustment)	-0.46	-6.38
Income Tax paid	-334.892	-332.71
Income Tax previous Year	-1.38	-8.76
FBt & Wealth Tax	-1.6	-13.15
A Net Cash Flow from operating Activities	3098.06	1907.18
B Cash flow From Investing activities :		
Purchashe of Fixed Assets	-881.14	-5618.99
Sales of Fixed Assets / Investment	2.86	2.00
Interest Income	22.5	31.30
Prelimnary Expense	-5.68	0
Net Cash Flow from investing activity	-861.46	-5585.69
	2236.60	-3678.51
C Cash flow from financing activities :		
Repayment of Financial Institution Loan	0	-19.34
Proceeds / Repayment from Lease Finance	1430.43	2507.95
Bank Borrowing for working capital unsecured loan	0	-300.18
dividend paid	-2490.80	2084.67
div tax	-255.14	-255.14
Interest paid	-43.36	-43.36
	-869.38	-737.00
Net Cash Flow From Financing Activities	-2228.25	3237.60
Net Increase in Cash & Cash Equivalents.	8.30	-440.91
Cash & Cash Equivalents at the beginning of the year	236.06	669.30
Cash & Cash Equivalents at the end of the year	244.41	228.39

Note : The above Cashflow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the institute of Chartered Accountants of India.

For PANKAJ K. SHAH ASSOCIATES

Firm Registration No. 107352W
Chartered Accountants

Pankaj K. Shah

Proprietor
M.No. : 34603

Ahmedabad.
Date : 24-09-2010

For and on behalf of the Board of Directors**Ashok T. Shah**

Chairman & C.E.O.

Kunal T. Shah

Managing Director

Ahmedabad.

Date : 24-09-2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in terms of part IV and schedule VI to the Companies Act, 1956.)

1 REGISTRATION DETAILS		
Registration No.	:	21088
State Code	:	04
Date of Balance Sheet	:	31-03-2010
		Year Ended 31.03.2010
2 CAPITAL RAISED DURING THE YEAR		
Public Issue		₹ in Lacs Nil
Right Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
3 POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS		
Total Liabilities		17112.60
Total Assets		17112.60
a) Sources of Funds		
Paid up Capital		1926.41
Reserve & Surplus		5243.96
Secured Loans		9330.15
Deferred Tax Liability		612.08
Total		17112.60
b) Application of Funds		
Net Fixed Assets		9837.65
Net Current Assets		7270.39
Investments		Nil
Miscellaneous Expenditure		4.56
Total		17112.60
4 PERFORMANCE OF COMPANY		
Total Income		17687.13
Total Expenditure		16665.11
Profit Before Tax		1022.02
Profit After Tax		533.25
Less : Prior Period Adjustment		19.04
Net Profit		514.21
Earning Per Share (₹)		2.67
Dividend rate % (Proposed)		15.00
5 GENERIC NAME OF TWO PRINCIPAL PRODUCTS OF THE COMPANY		
Item Code No.	:	7306.90
Product Description	:	Stainless Steel Welded Pies/Tubes
Item Code No.	:	7304.90
Product Description	:	Stainless Steel Seamless Pies/Tubes

For and on behalf of the Board of Directors

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

Kunal T. Shah
Managing Director

Place : Ahmedabad
Date : 24th September 2010

SURAJ STAINLESS LIMITED**[AN ISO - 9001 COMPANY]**Suraj House, Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014.

Clint ID	
DP ID	

L. F. No.	
No. of Shares Held	

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL. Joint Shareholders may obtain additional Attendance Slip on Request.

Name and Address of the Shareholder :

I hereby record my presence at the Seventeen Annual General Meeting of the Company held on Thursday, 25th November 2010, at 10-00 a.m. at Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014.

SIGNATURE OF THE SHAREHOLDER / PROXY

Strike out whichever is not applicable

----- Tear Here -----

PROXY FORM

SURAJ STAINLESS LIMITED**[AN ISO - 9001 COMPANY]**Suraj House, Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014.

Clint ID	
DP ID	

L. F. No.	
No. of Shares Held	

I/We..... ofbeing a member/members of the SURAJ STAINLESS LTD. hereby appoint of or failing himofas my/our proxy to vote for me/us and on my/our behalf at the Seventeen Annual General Meeting to be held on Thursday, 25th November 2010, at 10-00 a.m.at Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014. or at any adjournment there of.

Signed this day of 2010

Signature : _____

Affix Revenue Stamp of ₹ 1/-

NOTE : The Proxy must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company