

18TH ANNUAL REPORT

2010-2011



SURAJ LIMITED

(FORMERLY KNOWN AS SURAJ STAINLESS LIMITED)

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

Progress Through Co-operation

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders

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

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

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

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

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

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

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

With best wishes,

Sincerely

Ashok T. Shah
Chairman & CEO

"No challenges big, No person is small"

SURAJ LIMITED

(FORMERLY KNOWN AS SURAJ STAINLESS LIMITED)

(AN ISO - 9001 & A Govt. Recognised Export House)

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

Our product is manufactured and tested to international standards, under the supervision of qualified and experienced technocrats and quality is certified, Approved ISO 9001-2000, AD 2000 MERKBLATT W0, and PRESSURE EQUIPMENT DIRECTIVE 97/23/EC our product is certified as per 3.1.A, 3.1.B, 3.1.C, and also available with the inspection of Seventeen internationally renowned inspection agency.

18th Annual Report 2010-2011

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

10 YEARS OVERVIEW

(₹ In Lacs)

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

NOTICE TO THE MEMBERS

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

ORDINARY BUSINESS :

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

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

SPECIAL BUSINESS :

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as an

ORDINARY RESOLUTION:

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

Place : Ahmedabad
Date : 09-08-2011

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

By Order of the Board of Directors

Viral M. Shah
Company Secretary

NOTES :

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

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

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

Item No. 6

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

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

1. Salary: ₹ 3,00,000/- (Rupees Three lac) per month.
2. Perquisites: In addition to Salary, the Whole Time Director shall also be entitled to perquisites like Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, together with utilities thereof such as gas, electricity, water, furnishings, Medical Reimbursement and Leave Travel Concession for himself and family, Club Fees, Medical Insurance, etc. in accordance with the Rules of the Company or as may be agreed to between the Board and the Whole Time Director.

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

3. Terminal Benefits: Gratuity payable at a rate not exceeding half- a-month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
4. All perquisites provided to the Director shall be evaluated as per the Income tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.
5. The terms and conditions of reappointment of Shri Gunvant T. Shah may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to, between the Board of Directors and Shri Gunvant T. Shah provided such terms are within and in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.
6. The Vice Chairman & Whole Time Director shall not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof.

The draft of Agreement between the company and Shri Gunvant T. Shah, referred to in the Notice is open for inspection at the Registered Office of the Company during office Hours on all working days, except Sunday, between 11 am to 1 pm.

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

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

Place : Ahmedabad

Date : 09-08-2011

By Order of the Board of Directors

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

Viral M. Shah
Company Secretary

Important Communication to Members

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

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

ANNEXURE

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

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

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

DIRECTORS' REPORT

To the Members,

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

Financial Results

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

(₹ In Lacs)

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

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

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

Dividend

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

Equity Share Capital

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

Change of Name

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

Listing

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and the Company has paid listing fee for F.Y. 2011-12.

Deposits

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

Directors

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

Corporate Governance

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

Auditors

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

Directors' Responsibility Statement

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

- (i) in the preparation of the profit and loss account for the financial year ended March 31, 2011 and the balance sheet as at that date ("financial statements"), applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care has been take for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control system, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function;
- (iv) The financial statements have been prepared on a going concern basis.

Quality Management

Quality is the most important mantra of the Company and effort is spared to ensure best quality and after sales service to the customer. Company has a clear strategic vision which is always in touch with the latest advancements in technology, thereby constantly upgrading production facilities and man-power skills. The Company also continues to maintain the ISO 9001(2000) quality standard.

Internal Control System

Your Company has clearly laid down policies, guidelines and procedures that form part of the internal control system which provide for automatic checks and balances. All operating parameters are monitored and controlled. Regular internal audit and checks ensure the effectiveness and efficiency of these systems to ensure that all assets are protected against loss and that the financial and operational information is complete and accurate.

CEO and CFO Certification

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

Health, safety and environmental protection

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

Particulars of employees

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

Conservation of energy, technology and foreign exchange

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

Cash Flow Statement

As required under clause 32 of Listing Agreement with the Stock Exchanges, in India, a Cash Flow Statement, as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India, is given along with Balance Sheet and Profit and Loss Account.

Appreciation and Acknowledgements

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

Ahmedabad
Date : 09-08-2011

For and on behalf of the Board of Directors

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

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

ANNEXURE TO DIRECTORS REPORT

Particulars required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Reports for the year ended 31st March, 2011.

A) Conservation of Energy :

- a) Measures taken, additional investments and impact on reduction of energy consumption:
Conservation of energy continues to receive top priority in the Company, particularly in production operations. Regular plant maintenance, review of energy generation and consumption are some of the measures adopted in this regard.
- b) Total energy consumption and energy consumption per unit of production as per Form - A of the Annexure to the Rules in respect of Industries specified in the schedule thereto:

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

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 :	
Export of Goods	1,33,88,82,411.00
2) Foreign Exchange Outgo :	
i) Material Import on CIF Basis	1,33,53,29,509.00
ii) Capital Goods Imported	2,69,400.00
iii) Stores & Spares	52,43,223.00
iv) Foreign Travel	5,31,020.00
v) Advertisement	26,20,147.00
vi) Sales Commission	3,07,52,895.00
vii) Business Development Exp.	11,52,015.00

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 Limited is as under:

1. Company's philosophy on code of governance:

The philosophy of the Company in relation to Corporate Governance ensures transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders' value while being a responsible corporate citizen. The Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks and balances which ensures that the decision-making power vested in the executive management are used with care and responsibility to meet shareholders' and stakeholders aspirations. The Company is committed to attain the highest standards of Corporate Governance.

2. Board of Directors:

- The Company has a balanced mix of executive and non-executive independent Directors. As on March 31, 2011, the Board of Directors comprises of 8 Directors, of which 4 are Non-executive. The Chairman is Executive and a Promoter of the Company. The number of Independent Directors is 4. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company
- None of the Directors on the Board are members of more than ten Committees or Chairman of more than five Committees (as specified in Clause 49 of Listing Agreement) across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2011 have been made by the Directors.
- 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 Chairman-ship**)
1	Ashok T. Shah	PD	ED	5	5	Present	Two	Nil	Nil
2	Gunvant T. Shah	PD	ED	5	3	Present	Two	Nil	Nil
3	Kunal T. Shah	PD	ED	5	5	Present	Two	Nil	Nil
4	Bipin K. Prajapati	NPD	ED	5	5	Present	Nil	Nil	Nil
5	Dipak H. Shah	NPD	ID	5	5	Present	Nil	Nil	Nil
6	Ketan R. Shah	NPD	ID	5	5	Present	Nil	Nil	Nil
7	Haren R. Desai	NPD	ID	5	5	Present	Nil	Nil	Nil
8	Mahesh V. Parikh	NPD	ID	5	5	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

Five 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	07.05.2010	8	8
2	14.08.2010	8	8
3	24.09.2010	8	7
4	28.10.2010	8	7
5	19.01.2011	8	8

3. Audit Committee

The Audit Committee comprises the following Directors as on March 31, 2011

1. Shri Dipak H. Shah, Chairman
2. Shri Ketan R. Shah, Member
3. Shri Haren R. Desai, Member

All members of Audit Committee are Non-executive Independent Directors. The quorum of the Audit Committee is two members.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

Details of Meeting of Audit Committee held during the year

Name of Committee Member	Category	No. of meetings held	No. of meetings attended
Mr. Dipak H. Shah	Independent, Non Executive	5	5
Mr. Ketan R. Shah	Independent, Non Executive	5	5
Mr. Haren R. Desai	Independent, Non Executive	5	5

Brief Terms of Reference to Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any Government body or to the investors or the public; the Company's system of internal controls regarding finance, accounting and legal compliances that Management and the Board have established.

The terms of reference of Audit Committee include inter-alia the following:

- 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 quarterly / half-yearly and 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.
- Discussion with statutory auditors about the scope of audit as well as post-audit discussion to ascertain any area of concern.

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 2010-11 is given below:

(In ₹)

Name	Designation	Tenure of Appointment	Salary & Perks
Ashok T.Shah	Chairman, C.E.O	5 Years	36.03
Gurvant T.Shah	Vice Chairman - Whole-time Director	5 Years	36.03
Kunal T.Shah	Managing Director	5 Years	36.03
Bipin K. Prajapati	Whole-time Director	5 Years	12.03

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:

As on March 31, 2011, the Shareholders' / Investor's Grievance Committee comprises of following Directors:

1. Shri Ketan R. Shah, Chairman
2. Shri Dipak H. Shah, Member
3. Shri Haren R. Desai, Member

Company Secretary is the Compliance Officer of the Company.

The committee interalia approves issue of duplicate certificates and overseas 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 overseas the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

Details of Complaints received and redressed during the year ended March 31, 2011

No Complaints were pending as on April 1, 2010. 26 complaints were received and 26 complaints were resolved during the year. No complaints were pending as on March 31, 2011.

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:

2009-10

Date and Time: November 25, 2010 10:00 a. m.

Special Resolutions passed

To Change the name of the Company from Suraj Stainless Limited to Suraj Limited.

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

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

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

2009-10

Date and Time: January 16, 2010 10:00 a.m.

Special Resolution passed:

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

7. Disclosures:

- (1) 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 of Schedule 16 to the Accounts in Annual Report.
- (2) 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) 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 45 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.

Website: The Company's website www.surajgroup.com contains a separate dedicated section "Investor Relations" where latest shareholders information is available. The Quarterly and Annual Results are simultaneously posted on the website. Comprehensive information about the Company, its business and operations can be viewed at the Company's website.

10. General Shareholders Information**I. Annual General Meeting:**

Date	:	September 19, 2011
Time	:	10:00 a.m.
Venue	:	'Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009

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 September 19, 2011

II. Financial Calendar:

Year ending	:	March 31
AGM in	:	September
Dividend Payment	:	The Final Dividend if declared, shall be paid / credited on or after September 19, 2011

III. Date of Book Closure/Record Date : 12th September, 2011 to 19th September, 2011**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 ₹	LOWEST ₹
April-2010	97.95	64.65
May-2010	85.00	58.25
June-2010	79.70	69.00
July-2010	75.00	68.25
August-2010	74.35	67.00
September-2010	80.00	70.45
October-2010	81.20	72.15
November-2010	83.00	63.50
December-2010	72.15	55.00
January-2011	71.95	63.20
February-2011	70.00	58.65
March-2011	70.00	53.15

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, 2011

Particulars	No. of shares	% of Total capital
NSDL	4244265	22.0320 %
CDSL	5635102	29.2363 %
Total	9879367	51.2838 %

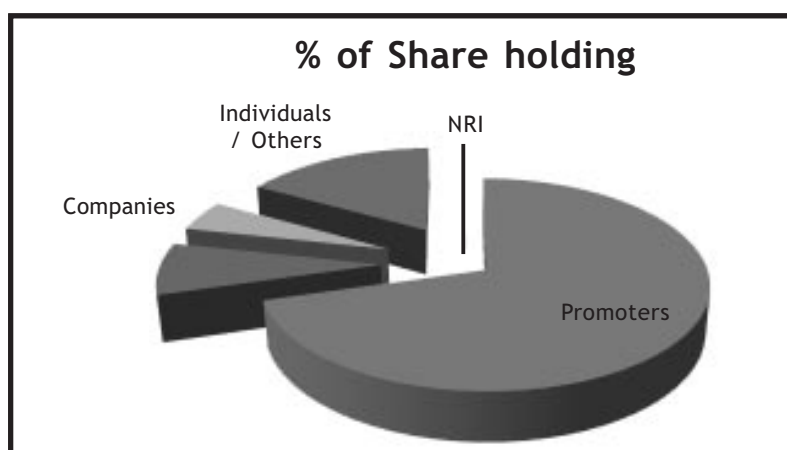
XI Shareholding as on March 31, 2011

(a) Distribution of share holding as on March 31, 2011

No. of Equity Shares held From To	No. of Shares Holders	% of Shares Holders	No. of Shares Held	% of Shares Holding
Up - 5000	905866	4.7024	2239	95.6020
5001 - 10000	220536	1.1448	30	1.2810
10001 - 20000	348279	1.8079	26	1.1102
20001 - 30000	143523	0.7450	6	0.2562
30001 - 50000	249434	1.2948	7	0.2989
50001 - 100000	702971	3.6491	11	0.4697
100001 - 1000000	4435691	23.0257	16	0.6832
1000001 - Above	12257800	63.6303	7	0.2989
Total	19264100	100.0000	2342	100.0000

(b) Category of shareholders as on March 31, 2011

CATEGORY	No. of Shares held	% of Share holding
Promoters	1,35,64,400	70.41
OCB	15,45,000	8.02
Companies	9,32,487	4.84
Individuals / Others	31,95,333	16.59
NRI	26,880	0.14
Total	1,92,64,100	100.00



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

Address of 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 Limited code of Business conduct and Ethics for the year ended March 31, 2011

For and on behalf of the Board of Directors

Ahmedabad
 Date : 09-08-2011

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) 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, 2011 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 : 09-08-2011

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

Kunal T. Shah
Managing Director

AUDITORS REPORT ON COMPLIANCE OF CONDITION OF CORPORATE GOVERNANCE

To

The Members of Suraj Limited (Formerly known as Suraj Stainless Limited)

We have examined the compliance of conditions of corporate governance by **Suraj Limited**, for the year ended on **March 31, 2011** as stipulated in clause 49 of the Listing Agreement entered into with the Stock Exchange in India.

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 in the said clause. 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, we certify that the Company has complied the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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 : 09-08-2011

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

AUDITORS' REPORT

To The Members,

M/S SURAJ LIMITED (Formerly known as Suraj Stainless Limited)

Ahmedabad.

1. We have audited the attached Balance Sheet of **M/S SURAJ LIMITED** as at 31st March 2011 and Profit & Loss Account and also 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 2011 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 Significant Accounting Policies and other 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 2011.
 - 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 : 09-08-2011

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 LIMITED (Formerly known as Suraj Stainless Ltd)**, on the accounts for the year ended 31st March, 2011.

- (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) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification at reasonable intervals, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed on such verification.
 - (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 at reasonable intervals during the year by the management. In our opinion the frequency of such verification is adequate.
 - (b) In our opinion and according to information and explanations given to us, the procedures for 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 has maintained 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 Granted Interest free unsecured loans, to two companies, covered in the Register maintained under section 301 of Companies Act, 1956. The maximum amount involved during the year was ₹ 1201 Lacs and aggregate outstanding amount of such loan at the year end is ₹ NIL.
 - (b) According to the information & explanations given to us, the Company has taken Interest free unsecured loans from one company covered in the Register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 400 Lacs and aggregate outstanding amount of such loan at the year end is ₹ 10 Lacs.
 - (c) The above loan is interest free 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 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) As there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, paragraph 4(v)(a)(b) of the order is not applicable
- (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, income-tax, Vat, 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 2011 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	2,06,340/-	A.Y. 2001-02	CIT (Appeal) - XIV Ahmedabad
Income Tax Act	Income Tax	92,796/-	A.Y. 2007-08	CIT (Appeal) - XIV Ahmedabad
Income Tax Act	Income Tax	8,17,920/-	A.Y. 2008-09	CIT (Appeal) - XIV Ahmedabad
Income Tax Act	Income Tax	2,47,724/-	A.Y. 2008-09	CIT (Appeal) - XIV Ahmedabad

- (x) The Company has no accumulated losses as at 31st March 2011 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 any 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) In our opinion, the company is not a dealing or trading in shares, securities, debentures and other investments..
- (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) On the basis of overall examination of the Balance Sheet of the Company and information and explanation given to us, in our opinion funds raised on short term basis have not been used to finance long term Investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to any 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, and according to information and explanation given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year 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 : 09-08-2011

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

BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in ₹)

Particulars	Schedule	As at 31-03-2011	As at 31-03-2010
<u>SOURCES OF FUNDS :</u>			
Shareholders' Funds			
Share Capital	1	192641000	192641000
Reserves and Surplus	2	558179180	524395673
Loan Funds			
Secured Loans	3	1107821209	933015295
Unsecured Loans	4	1000000	0
Deferred Tax Liability (See Note 13 of Schedule 18) (NET)		59156846	61208316
APPLICATION OF FUNDS :	Total ₹	1918798235	1711260284
Fixed Assets	5		
Gross Block		1395215009	1295126076
Less : Depreciation		408633248	311360683
Net Block		986581761	983765393
Current Assets, Loans and Advances			
Inventories	6	694602816	498608410
Sundry Debtors	7	293518033	252726128
Cash and Bank Balances	8	92745709	24413973
Loans and Advances	9	62978077	79081591
		1143844635	854830101
Less : Current Liabilities and Provisions			
Current Liabilities	10	143662702	80588095
Provisions	11	68454179	47202525
		212116881	127790620
Net Current Assets		931727754	727039481
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	488720	455410
Total ₹		1918798235	1711260284
Notes on Accounts	18		

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 : 09-08-2011

For & on behalf of the Board of Directors

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

Kunal T. Shah Managing Director

Viral M. Shah Company Secretary

Ahmedabad.
 Date : 09-08-2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

(Amount in ₹)

Particulars	Schedule	As at 31-03-2011	Year ended 31-03-2010
INCOME :			
SALES & OTHER INCOME			
Sales		2522560329	1843297900
Less : Excise		125029641	97943632
Net Sales		2397530688	1745354268
Other Income	13	28542217	23358357
		2426072905	1768712625
EXPENDITURE :			
Material Cost	14	1739483353	1193735245
Manufacturing and Other Expenses	15	286318360	216688016
Personnel Expenses	16	75158282	79809744
Interest	17	123969242	86937682
Total Expenses		2224929237	1577170687
Profit Before Depreciation		201143668	191541938
Depreciation		99814897	89340109
Profit Before Tax		101328771	102201829
Provision for Income Tax :			
Current Tax		34758378	17352830
Deferred Tax Assets / (Liabilities) (Refer notes : 13 of schedule 18)		2051470	-31523555
Profit for the year after Tax		68621863	53325444
Add /(Less) : Prior Period Adjustment		893756	160308
(Short)/Excess Provision Of Income Tax & FBT		248799	1743303
Profit after Prior Period Adjustment		67479308	51421833
Balance brought forward		261533089	258198706
Profit Available for Appropriation		329012397	309620539
Appropriations			
Statutory Reservers		3373965	2571092
Proposed dividend		28896150	25513650
Tax on dividend		4799651	4336045
Balance carried forward to balance sheet		291942631	277199752
Earning Per Share Basic & Diluted (Equity Shares Of ₹ 10 Each)		3.50	2.67
Notes on Accounts	18		

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 : 09-08-2011

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

Chairman & C.E.O.

Kunal T. Shah

Managing Director

Viral M. Shah

Company Secretary

Ahmedabad.

Date : 09-08-2011

SCHEDULE FORMING PART OF ACCOUNTS AS AT 31ST MARCH 2011

(Amount in ₹)

Particulars	As at 31-03-2011	As at 31-03-2010
SCHEDULE 1 : SHARE CAPITAL :		
Authorised :		
2,35,00,000 Equity Shares of ₹ 10 each	235000000	200000000
(2,00,00,000 Equity Shares of ₹ 10 each)		
	235000000	200000000
Issued, Subscribed and Paid up :		
1,92,64,100 Equity Shares of ₹ 10/- each fully paid	192641000	192641000
Note : Of the above shares :		
i) 22,55,800 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		
Total ₹	192641000	192641000
Schedule 2 : Reserves and Surplus :		
General Reserve	26375485	26375485
Statutory Reserves		
Balance at the beginning of the year	17531099	
Add : Transfer from Profit & Loss A/c.	3373965	17531099
Share Premium	218956000	218956000
Surplus in Profit and Loss Account	291942631	261533089
Total ₹	558179180	524395673
Schedule 3 : Secured Loans :		
Term Loan :		
From Bank	527080948	485527021
Short Term Loans :		
Working Capital Facilities from bank	580740261	447446325
Other Loan :		
Vehicle Loan	0	41949
Total ₹	1107821209	933015295
(Due For Payment Within One Year ₹ 1390.00 Lacs)		
(Previous Year ₹ 1203.37 Lacs)		
SCHEDULE 4 : UNSECURED LOAN :		
Inter Corporate Loan	1000000	0
Total ₹	1000000	0

Particulars		As at 31-03-2011	As at 31-03-2010
SCHEDULE 6: INVENTORIES :			
(As taken, valued and certified by the management)			
Raw Materials	449611986		133566342
Work In Process	166886119		321555298
Finished Goods	43875150		21830219
Advance Licences	16304285		14855889
Stores and Spares	2367576		3527632
Scrap	15557700		3273030
Total ₹		694602816	498608410
SCHEDULE 7: SUNDRY DEBTORS :			
(Unsecured ; considered good)			
- Outstanding for more than six months	0		14491
- Others	293518033		252711637
Total ₹		293518033	252726128
Schedule 8: Cash and Bank :			
Cash on hand		331296	358094
Balance with Schedule Banks :			
In Current A/c	66145126		876404
In Deposit Account for Margin Money	26269287		23179475
		92414413	24055879
Total ₹		92745709	24413973
Schedule 9: Loans and Advances :			
(Unsecured, considered good)			
Deposits	3406552		3278394
Loan to Staff and Others	2086926		2320040
Balance with Central Excise	14161789		23535106
Advance Tax & TDS	24930519		19059179
Advances Recoverable in Cash or in kind or for value to be received	11851748		14999666
DEPB Licence / Incentive	6540543		15889206
Total ₹		62978077	79081591
Current Liabilities & Provisions :			
Schedule 10: Current Liabilities :			
Creditors For Goods	77055098		30871886
Creditors For General Expense	30067347		22159622
Advance from Customers	22072852		17977567
Provision For Expenses	13439423		8762005
UnClaimed Dividend	1027982		817015
		143662702	80588095
Total ₹		143662702	80588095

SCHEDULE 5 : FIXED ASSETS

	Gross Block				Depreciation				Net Block	
Description of Assets	As at 01-04-10	Addition During the Year	Deduction During the Year	As at 31-03-11	Upto 01-04-10	For the Year	Addition (Deduction) During the Year	Upto 31-03-11	As at 31-03-11	As at 31-03-10
Land & site Development	143163300	48513560	0	191676860	0	0	0	0	191676860	143163300
Factory Building	274594650	28029060	0	302623710	25201317	9834753	0	35036070	267587640	249393333
Office Premises	21379155	0	1365775	20013380	2669814	348480	909334	2108960	17904420	18709341
Plant & Machinery	749460488	26651283	0	776111771	239818538	78975664	0	318794202	457317569	509641950
Furniture Fixture Office Equipments	19391574	147971	2465551	17073994	5421588	1231556	696971	5956173	11117821	13969986
Computer	7858982	522756	0	8381738	6077465	1333311	0	7410776	970962	1781518
Vehicle	19791205	1673471	1617842	19846834	7551505	1940208	936029	8555684	11291150	12239700
Wind Mill	59486722	0	0	59486722	24620456	6150927	0	30771383	28715339	34866266
Total	1295126076	105538101	5449168	1395215009	311360683	99814899	2542334	408633248	986581761	983765394

Particulars		As at 31-03-2011	As at 31-03-2010
Schedule 11 : Provisions :			
Provision for Income Tax	34758378		17352830
Dividend for the Year	28896150		25513650
Dividend Tax	4799651	68454179	4336045
Total ₹		68454179	47202525
Schedule 12: Miscellaneous Expenditure :			
(To the extent not written off)			
Preliminary Expenses :			
Opening	455410		662692
Addition during the year	300740		
	756150		
Less: Written Off	267430		207282
		488720	455410
Schedule 13 : Other Income :			
Other Income :			
Income on Income Tax	393723		0
Profit & Loss on Sale of Assets	3274979		0
Misc. Income	38636		124494
Interest Received (TDS ₹ 245206) (P.Y. ₹ 266553)	2960663		2250020
Power Generation Income	6043081		7741241
Export Incentive	14467358		12854075
Gratuity Written back	594710		0
Bad Debts Recovered	200000		1170636
Currency Rate Fluctuation	241715		13919
Loss of share trading	0		-796028
Account Written off	327352		0
Total ₹		28542217	23358357
Schedule 14 : Material Cost :			
Opening Stock :			
Finished Goods	21830219		39296706
Work in Process	321555298		66094004
Scrap	3273030		7913633
Advance Licences	14855889		78200301
	361514436		191504644
Raw Material Consumed :			
Opening Stock	133566342		175796622
Add: Purchases	1936637815		1333640496
	2070204157		1509437118
Less: Closing Stock	449611986		133566342
	1620592171		1375870776
Closing Stock			
Finished Goods	43875150		21830219
Work in Process	166886119		321555298
Scrap	15557700		3273030
Advance Licences	16304285		14855889
DEPB	0		12125739
	242623254		373640175
Total ₹		1739483353	1193735245

Particulars	As at 31-03-2011	As at 31-03-2010
Schedule 15 : Manufacturing and Other expenses :		
Manufacturing Expenses :		
Store Materials Consumed	16375301	26935841
Acid, Chemicals & Gases	15010486	12281651
Power & Fuel	46119896	52425426
Job-Work Charges (R/M)	567767	493666
Repairs & Maintenance :		
Building :	31035	63651
Plant & Machineary:	11738975	6937830
Others	1411778	787989
	13181788	7789470
Packing Material Consumed	14249754	8689273
Transportation & Cartage	10732863	5398107
	116237855	114013434
Other Expenses :		
Travelling, Conveyance and Vehicle Expenses	6139142	6919271
Insurance Charges	994420	1211531
Rates & Taxes	651956	524899
Vat Tax	39078132	33824586
Audit Fees	350000	350000
Bank Charges	15701688	10202925
Professional Charges	2291687	1654573
Legal & Licence Expenses	1519226	433082
Communication Expenses	1641055	1598085
Advertisement Expenses	2842911	3465013
Stationary/Xerox	698008	817419
Electric Expenses	741445	639700
Loss on Sale of Vehicle	111813	130594
Business Development Exp.	3780025	5403900
Commission on Sales	40923674	4152961
Donation	286151	31251
Watch & Ward Expenses	1667942	1617424
General Expenses	2343363	2959074
Delivery Charges	1875955	0
R.O.C. Filling Fees	17510	22500
Miscellaneous Exp. Written Off	267430	207282
Clearing & Forwarding Expenses	42597919	24798345
Tax Collected at Source	3559053	1710167
	170080505	102674582
Total ₹	286318360	216688016
Schedule 16 : Personnel Expenses :		
Salaries ,Wages, and Bonus	68708338	73276710
Contribution to Provident & Other Funds	1522912	1280155
Staff Welfare	4927032	5252879
Total ₹	75158282	79809744
Schedule 17 : Interest :		
Bank	63225697	39365022
Term Loan	60742456	47530467
Others	1089	42193
Total ₹	123969242	86937682

SCHEDULE - 18**NOTES TO THE ACCOUNTS****Schedules Forming Part of The Accounts For The Year Ended 31st March 2011****1. Significant Accounting Policies :****A) Basis of Preparation :**

The financial statements of Suraj Limited ("the Company") have been prepared under the historical cost convention on accrual basis of accounting in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and mandatory accounting standards as specified in the Companies (Accounting Standards) Rules 2006, to the extent applicable and presentation requirements of the Companies Act, 1956

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 whichever is Lower.
- b) Work-in-Progress is valued at cost plus direct cost, manufacturing overheads and other related cost or market value whichever is lower.
- 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 or market value whichever is lower.
- 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 & VAT, and realized exchange fluctuations on exports and net of Sales return/ Trade discount. If any, Export sales is recognized at the time of dispatch.

Export incentives are accounted on accrual basis and include the estimated value of export incentives receivable under the D.E.P.B scheme.

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.

- 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. 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.
 - Demand of ₹ 92,796/- raised by Income Tax authorities, for Assessment year 2007-08 which is disputed by the Company.
 - Demand of ₹ 16,35,840/- raised by Income Tax authorities, for Assessment year 2008-09 which is disputed by the Company.
 - Demand of ₹ 30,09,730/- raised by Income Tax authorities, for Assessment year 2008-09 which is disputed by the Company.
- 3.** Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts (net of advances) NIL
- 4.** In terms of accounting policy (J) for the accounting of export incentives, estimated benefit of ₹ 163.04 Lacs have been taken in to account under DES Scheme. Steps are being taken to import raw materials and utilize the same.
- 5. Securities :**
- a) Term Loan of ₹ 6200 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 first charge over Suraj House situated at Usmanpura Ahmedabad and personal guarantees of Directors of the Company viz. Ashokbhai T. Shah, Kunalbhai T. Shah & Gunvantbhai T. Shah and corporate guarantee of M/s. Suraj Impex Pvt. Ltd.
 - b) The working capital Limits of ₹ 73.50 Lacs from Punjab National Bank and 19.50 Lacs from State Bank of India are secured against Hypothecation of Raw Materials, Stock in process, Finished and Semi-finished Goods, Stores and spares, Book Debts, Other Current Assets of the company and personal guarantees of 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 all fixed assets of the company located at the factory premises at Survey No. 779/A, Thol, Taluka: Kadi Dist. Mehsana and assets of windmill at village-Vanku, Dist-Kutch.
- 6. 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 ₹ 1,20,00,000 /- (previous year ₹ 1,17,00,000/-) included in salaries & wages.

7. Amount Paid / Payable to Auditors :

Sl	Particulars	2010-2011	2009-2010
a)	Audit Fees	3,00,000	3,00,000
b)	Tax Audit Fees	50,000	50,000
c)	For other works	3,76,488	2,89,538
	Total	7,26,488	6,39,538

8. 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.

9. 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.

10. 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	162969	2598005
Interest cost	13657	217713
Current service cost	76682	356494
Benefits paid	(112389)	(281231)
Actuarial (gain) / loss on obligation	65930	(135863)
Closing defined obligation	206849	2755118
Change in the fair value of plan asset		
Opening fair value of plan asset	--	1867646
Expected return on plan asset	--	201920
Contribution by employer	--	862675
Benefits paid	--	(281231)
Actuarial (gain) / (Losses)	--	(31541)
Closing balance of fair value of plan assets	--	2619469
Amount recognized in the balance sheet		
(Assets)/Liability at the end of the year	206849	2755118
Fair value of plan assets at the end of the year	--	2619469
Difference	206849	135649
Unrecognized past service cost	--	--
(Assets)/Liability recognized in the balance sheet	206849	2755118
Income/expense recognized in the profit and loss account statement		
Current service cost	76682	356494
Interest cost on benefit obligation	13657	217713
Expected return on plan assets	--	(201920)
Net actuarial (gain) / loss in the period	65930	104322
Net Expenses	156269	267965
Movement in net liability recognized in balance sheet		
Opening net liability	162969	730359
Expenses as above (P/L Charge)	156269	267965
Employers contribution	(112389)	(862675)
(Assets)/Liability recognized in the balance sheet	206849	135649
Principal actuarial assumption as at balance sheet date		
Discount rate	8.38%	8.38%
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%

11. 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	2010-11	2009-10
Domestic Sales	10,089.50	9,166.02
Export Sales	13,885.80	8,287.52
Total	23,975.30	17,453.54

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

12. Earning per share (EPS) :

Sr. No.	Particulars	2010-2011	2009-2010
a)	Net Profit after Tax available for Equity Shareholders (Rupees)	6,74,79,308	5,14,21,833
b)	Weighted average number of Shares at beginning	1,92,64,100	1,92,64,100
c)	Basic and Diluted Earning per Share (Rupees)	3.50	2.67

13. 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 assets in the accounts of current year as under:-

Particulars	Balance as at 01-04-10	Added During the year	Balance Carried as at 31-03-11
A) Deferred Tax Liabilities:			
On account of timing difference in depreciation	6,12,08,316.00	--	6,12,08,316.00
B) Deferred Tax Assets :			
On account of timing difference in depreciation	--	20,51,470.00	20,51,470.00
Net Deferred Tax Liability	6,12,08,316.00	20,51,470.00	5,91,56,846.00

14. 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 Pvt. Ltd.
- 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, 2010 to March 31, 2011 with related parties by the company.

SURAJ LIMITED (Formerly known as Suraj Stainless Limited)

Name of the Related Parties with whom the transaction have been made	Description of Relationship with the party	Nature of Transaction	Amount 2010-11 (₹) in Lacs.	Amount Outstanding as on 31-03-11 (₹) in Lacs.
Suraj Enterprise Ltd.	Associate Company	Temporary Adv. Taken Temporary Ad. Given	2514.00 2504.00	10.00
Suraj Impex Pvt. Ltd.	Associate Company	Temporary Adv. Taken Temporary Ad. Given	400.00 400.00	----
Shri Ashok T. Shah	Chairman & C.E.O.	Remuneration P. F. Contribution Bonus	36.00 0.093.6 0.035	2.29
Shri Guntant T. Shah	Vice Chairman & Whole Time Director	Remuneration P. F. Contribution Bonus	36.00 0.093.6 0.035	2.29
Shri. Kunal T. Shah	Managing Director	Remuneration P. F. Contribution Bonus	36.00 0.093.6 0.035	2.28
Shri Bipin K. Prajapati	Whole Time Director	Remuneration P. F. Contribution Bonus	12.00 0.0936 0.035	0.84
Shri Dipak H. Shah	Non Executive Director	Sitting Fees	0.125	--
Shri Ketan R. Shah	Non Executive Director	Sitting Fees	0.125	--
Shri Haren R. Desai	Non Executive Director	Sitting Fees	0.125	--
Shri Mahesh V. Parikh	Non Executive Director	Sitting Fees	0.125	

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

15. Additional Information pursuant to the paragraphs 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	2010-2011	2009-2010
• 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			
		2010-2011		2009-2010		2010-2011		2009-2010	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
1	S. S. Strips Coils, Pipe & Round bar	938.365	1335.66	952.015	1812.98	2598.873	4496.12	938.365	1335.66
2	S.S. Pipe Tubes	105.458	218.30	89.902	367.89	193.390	438.75	105.458	218.30
3	S.S. Scrap	36.367	32.73	126.435	115.24	155.577	155.58	36.367	32.73
4	W.I.P.	1937.650	3215.55	357.979	594.89	924.934	1668.86	1937.650	3215.55

c). Details of Production and Sales

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

Sr. No.	Particulars	Production		Sales		Sales	
		2010-2011	2009-2010	2010-2011		2009-2010	
		Qty in Mt.	Qty in Mt.	Qty in Mt.	Value	Qty in Mt.	Value
01	S.S. Pipe & Tubes	7556.140	5554.106	7468.209	20617.85	5538.549	13456.980
02	S.S. Scrap	2150.934	2169.477	2031.724	3357.46	2259.545	2668.067

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

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

Sr No.	Item	2010-2011		2009-2010	
		₹ in Lacs		₹ in Lacs	
		Qty. in MT	Value	Qty. in MT	Value
	Raw Material :				
01	S.S. Scrap Coil & S.S. Pipes / Tubes				
	Indigenous	3187.584	6406.21	7814.360	10683.30
	Imported	5878.570	9799.71	2053.586	3075.40
	Total	9066.154	16205.92	9867.946	13758.70
02	Stores & Spares				
	Indigenous	-	111.32	-	80.13
	Imported	-	52.43	-	30.27
	Total	-	163.75	-	110.40

16. Details of imported and indigenous Materials Consumed :

(Qty. in M.T.)

Particulars	2010-2011		2009-2010	
	Qty. (M.T.)	% of Total Consumed	Qty. (M.T.)	% of Total Consumed
Indigenous	3187.584	38.16%	7814.360	79.19 %
Imported	5878.570	61.84%	2053.586	20.81 %
Total	9066.154	100%	8777.505	100.00 %

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

(Amount in ₹)

Particulars	2010-2011	2009-2010
Raw Material (₹)	1335329509.00	352499593.00
Capital Goods	269400.00	2773491.00
Stores	5243223.00	3027014.00

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

(Amount in ₹)

Particulars	2010-2011	2009-2010
Traveling Expenses (₹)	531020.00	1296896.00
Sales Commission (₹)	30752895.00	1639414.00
Advertisement (₹)	2620147.00	2953310.00
Business Development(₹)	1152015.00	1951312.00

19. Earning in Foreign Exchange

Particulars	2010-2011	2009-2010
Export Sales (F.O.B. Value ₹)	1338882411.00	800255106.00

20. 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 2009-10	₹ 2317500.00
	\$ 38054.19

21. 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.

22. Schedule 1 to 18 will form part of the Balance Sheet as at 31st March, 2011

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

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

Signature to Schedule 1 to 18

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 : 09-08-2011

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

Chairman & C.E.O.

Kunal T. Shah

Managing Director

Viral M. Shah

Company Secretary

Ahmedabad.

Date : 09-08-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(Pursuant to the Listing Agreement with Stock Exchanges)

	Year Ended 31-03-2011 (₹ In Lacs)	Year Ended 31-03-2010 (₹ In Lacs)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before taxation and extraordinary items	1013.28	1022.02
Adjustment for -		
Depreciation	998.15	893.4
Misc. Expenditure W/Off	2.67	2.07
Interest Expenses	1239.69	869.38
Interest Income	(29.61)	(22.5)
Loss / (Profit) on Sale of Vehicel	1.12	1.31
Loss / (Profit) on Sale of Fixed Assets	(32.75)	0
Accouts Written off	3.27	(11.71)
Gratuity Income	(5.94)	(1.24)
	2176.60	1730.71
Operating Profit Before Working Capital Changes	3189.88	2752.73
Adjustment for -		
Trade and Other Receivables	(246.89)	2023.78
Inventories	(1959.94)	(994.54)
Trade and Other Payables	669.21	(345.58)
	(1537.62)	683.66
Cash Flow Before Extra Ordinary Items	1652.26	3436.39
Extra Ordinary Items (Prior period Adjustment)	(8.94)	(0.46)
Income Tax paid	(209.15)	(334.892)
Income Tax previous Year	(2.49)	(1.38)
FBt & Wealth Tax	0	(1.6)
A Net Cash Flow from operting Activities	1431.68	3098.06
B Cash flow From Investing activities :		
Purchahse of Fixed Assets	(1055.38)	(881.14)
Sales of Fixed Assets / Investment	60.55	2.86
Interest Income	29.61	22.5
Prelimnary Expense	(3.01)	(5.68)
Net Cash Flow from investing activity	968.23	(861.46)
	463.45	2236.60
C Cash flow from financing activities :		
Repayment of Financial Institution Loan	(0.42)	0
Proceeds / Repayment from Lease Finance	415.54	1430.43
Bank Borrowing for working capital unsecured loan	1332.94	0
dividend paid	10.00	(2490.80)
div tax	(255.14)	(255.14)
Interest paid	(43.36)	(43.36)
	(1239.69)	(869.38)
Net Cash Flow From Financing Activities	219.87	(2228.25)
Net Increase in Cash & Cash Equivalents.	683.32	8.35
Cash & Cash Equivalents at the beginning of the year	244.14	236.06
Cash & Cash Equivalents at the end of the year	927.46	244.14

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 : 09-08-2011

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

Chairman & C.E.O.

Kunal T. Shah

Managing Director

Ahmedabad.

Date : 09-08-2011

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	: 31-03-2011
	Year Ended 31.03.2011
2 CAPITAL RAISED DURING THE YEAR	₹ in Lacs
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
3 POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS	
Total Liabilities	19187.98
Total Assets	19187.98
a) Sources of Funds	
Paid up Capital	1926.41
Reserve & Surplus	5581.79
Secured Loans	11078.21
Un Secured Loans	10.00
Deferred Tax Liability	591.57
Total	19187.98
b) Application of Funds	
Net Fixed Assets	9865.81
Net Current Assets	9317.28
Investments	Nil
Miscellaneous Expenditure	4.89
Total	19187.98
4 PERFORMANCE OF COMPANY	
Total Income	24260.72
Total Expenditure	23247.44
Profit Before Tax	1013.28
Profit After Tax	686.22
Less : Prior Period Adjustment	11.43
Net Profit	674.79
Earning Per Share (₹)	3.50
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 : 09-08-2011

SURAJ LIMITED

[AN ISO - 9001 COMPANY]

Suraj House, Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014.

Client 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 18th Annual General Meeting of the Company held on Monday, September 19, 2011 at 10:00 a.m., at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009

SIGNATURE OF THE SHAREHOLDER / PROXY

Strike out whichever is not applicable

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

PROXY FORM

SURAJ LIMITED

[AN ISO - 9001 COMPANY]

Suraj House, Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014.

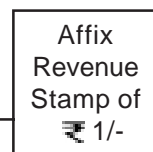
Client ID	
DP ID	

L. F. No.	
No. of Shares Held	

I/We..... ofbeing a member/members of the SURAJ LIMITED. hereby appoint of or failing himofas my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General Meeting to be held on Monday September 19, 2011 at 10:00 a.m., at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009 or at any adjournment there of.

Signed this day of 2011

Signature : _____



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

BOOK-POST

To, _____

If undelivered please return to :



SURAJ LIMITED

(Formerly known as Suraj Stainless Limited)

REGD. OFFICE :

'Suraj House' Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014. Gujarat (INDIA)