

20th ANNUAL REPORT

2012-2013



SURAJ LIMITED

Progress is Life

SURAJ LIMITED

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

20th Annual Report 2012-2013

BOARD OF DIRECTORS	:	ASHOK SHAH GUNVANT SHAH KUNAL SHAH BIPIN PRAJAPATI DIPAK SHAH KETAN SHAH HAREN DESAI BHUPENDRASINH PATEL
COMPANY SECRETARY	:	VIRAL SHAH
AUDITORS	:	PANKAJ K. SHAH ASSOCIATES CHARTERED ACCOUNTANTS
COMPANY LAW CONSULTANT	:	SANDIP SHETH & ASSOCIATES
BANKERS	:	PUNJAB NATIONAL BANK STANDARD CHARTERED BANK IDBI BANK
PLANT LOCATION	:	SURVEY NO. 779/A, THOL, KADI - SANAND HIGHWAY, TAL. - KADI, DIST. MEHSANA. (GUJARAT)
REGISTERED OFFICE	:	"SURAJ HOUSE", OPP. USMANPURA GARDEN, ASHRAM ROAD, AHMEDABAD - 380 014.
REGISTRAR & TRANSFER AGENT	:	MCS LIMITED 101, SHATDAL COMPLEX, OPP. BATA SHOW ROOM, ASHRAM ROAD, AHMEDABAD - 380 009.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareowners

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

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

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

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

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

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

With best wishes,
Sincerely
Ashok Shah
Chairman & CEO

NOTICE

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of the Members of SURAJ LIMITED will be held on Saturday, 31st August, 2013 at 10:30 am at the Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009 to transact the following businesses:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on March 31, 2013, and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To Declare Dividend on equity shares for the financial year ended March 31, 2013.
3. To appoint a Director in place of Mr. Ashok Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Guvant Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Haren Desai who retires by rotation and being eligible offers himself for re-appointment.
6. To re-appoint Messrs Pankaj K. Shah Associates, Chartered Accountant, Ahmedabad having Firm Registration No. 107352W as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

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

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 302, 309, 310 and 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and other statutory approval if any, the members of the Company hereby approves increase in remuneration of Mr. Ashok Shah, as Whole Time Director (Chairman & CEO) of the Company as recommended by the Remuneration Committee and approved by the Board of Directors of the Company for the remaining tenure of his office viz. commencing from 1st June 2013 to 31st July 2015, upon the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement "

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

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

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

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

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

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

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

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

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

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

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

Registered Office :

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

For and on behalf of the Board

Date : 28-05-2013

Place : Ahmedabad

Viral M. Shah

Company Secretary

NOTES :

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of him/her and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. The Register of Members and the Share transfer Books of the Company will remain closed from 24th August, 2013 to 31st August, 2013 (both days inclusive).
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking re-appointment at the meeting as required under Code of Corporate Governance are annexed hereto.
6. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
7. Members who hold shares in dematerialization form, are requested to bring their depository account number for identification.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, between 11:00 a.m. and 1:00 p.m. up to the date of Meeting.
10. Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2013 when declared at the meeting will be paid on or after 6th September, 2013.

- (i) to those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrar & Share Transfer Agent on or before, 24.08.2013 **or**
 - (ii) in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of business hours on 23.08.2013.
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. However, if members want to change/correct bank account details, they should communicate the same immediately to the concerned Depository Participant. Members are also requested to furnish their MICR code of their bank to their Depository Participant. The Company or its Registrar will not entertain any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agents, M/s MCS Limited.
 12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be downloaded from the website of the Department of Company Affairs.
 13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MCS, for consolidation into a single folio.
 14. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
 15. Non-Resident Indian Members are requested to inform MCS, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
 16. Members are requested to note that the dividend for the year 2005-2006 which is not encashed for a period of 7 years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investors Education and Protection Fund after 9th September, 2013. The last date for claiming the dividend is 8th September, 2013. Members who have not encashed their above Dividend Warrants may approach to the Company/RTA immediately for revalidation as otherwise no claim thereafter shall lie against the Fund or the Company in respect of such unclaimed Dividend Amount.
 17. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
 18. To support the "Green Initiative in Corporate Governance" taken by The Ministry of Corporate Affairs by allowing paperless compliances and stating that service of notices / documents including Annual Report can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders, notices/documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address have been registered with the Company. Members who would like to receive such notices / documents in electronic mode in lieu of physical copy and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses:
 - In respect of electronic shareholding - through their respective Depository Participants;
 - In respect of physical shareholding - by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and e-mail address.

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

Item No. 7:

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

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

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

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

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

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

Item No. 8:

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

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

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

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

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

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

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

Item No. 9:

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

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

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

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

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

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

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

Item no. 10:

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

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

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

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

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

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

Registered Office :

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

For and on behalf of the Board

Date : 28-05-2013
Place : Ahmedabad

Viral M. Shah
Company Secretary

DIRECTORS' REPORT

**The Members,
Suraj Limited.
Ahmedabad**

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

Financial Results

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

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

(Rs. In Lacs)

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

2) OPERATIONS:

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

3) DIVIDEND:

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

4) TRANSFER TO STATUTORY RESERVE

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

5) DEPOSITS:

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

6) INTERNAL CREDIT RATING

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

7) LISTING

The equity shares of the Company are listed on the Bombay Stock Exchange Limited and the Company has paid listing fee for F.Y. 2013-14.

8) DIRECTORS:

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

Your directors recommend the re-appointment of these directors.

9) CORPORATE GOVERNANCE

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

10) MANAGEMENT DISCUSSION & ANALYSIS

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

11) AUDITORS

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

12) AUDITORS REPORT

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

13) COST AUDITORS

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

14) DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. in the preparation of the profit and loss account for the financial year ended March 31, 2013 and the balance sheet as at that date ("financial statements"), applicable accounting standards have been followed;
- ii. appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The financial statements for the year ended 31st March 2013 have been prepared on a going concern basis.

15) INTERNAL CONTROL SYSTEM

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

16) EMPLOYEES:

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

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

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

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

18) FINANCE:-

During the year under review, the company has continued to enjoy various credit facilities from the consortium bankers to the extent of Rs. 137 Crore to meet the short term liquidity requirements of the company.

19) CEO and CFO CERTIFICATION

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

20) APPRECIATION AND ACKNOWLEDGEMENTS

The Directors thank the Company's employees, customers, vendors, investors and the financial institutions, banks, Regulatory authorities, Stock Exchange for their continued support to the Company.

The Directors also thank the Government of various countries, Government of India, State Governments in India and concerned Government Departments / Agencies for the co-operation.

The Directors appreciate and value the contributions made by every member of the SURAJ family .

For and on behalf of the Board of Directors

Date : 28-05-2013

Ashok Shah

Place : Ahmedabad

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, 2013.

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	Year Ended
	31-03-2013	31-03-2012
A). Power and Fuel Consumption		
▶ Electricity		
❖ Purchase in Unit KWH	3671400	3220140
❖ Total Amount Rs.	26841310	22160322
❖ Rate KWH Rs.	7.31	6.88
B). Consumption per unit of production		
❖ Production (M.T.)	9935.638	9237.077
❖ Total Nos. of Unit (KWH)	3671400	3220140
❖ Unit Per M.T. (KWH)	369.52	348.61
❖ Cost per M.T. Rs.	2701.52	2398.44

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 Rs.
1) Foreign Exchange earned:	
Export of Goods	139,81,49,594.08
2) Foreign Exchange Outgo:	
I. Material import on CIF basis	101,47,31,832.00
II. Capital Goods Imported	1,01,11,018.00
III. Stores & Spares	58,43,611.00
IV. Foreign Travel	12,84,427.00
V. Advertisement	31,33,249.00
VI. Sales Commission	27,30,844.00
VII. Business Development Exp.	15,06,895.48
VIII. Bank Interest	3,89,66,740.57

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development:

Your Company is a leading producer of Stainless Steel Seamless & Welded Pipes, Tubes and "U" Tubes in Gujarat having a plant at S.NO. 779/A, Thol, Tal:- Kadi, Dist:- Mehsana. Our products find application in important industry segments like pharmaceuticals, agro-chemicals, dyes & pigments, Oil, Gas, Refinery, etc. The day-to-day management of the Company is looked by the Executive Director assisted by a team of competent technical & commercial professionals.

Financial Performance:

The company's overall operational performance has been satisfactory. During the financial year 2012-13, it achieved sale and other income of Rs. 26,713.71 Lac as against last year's Rs. 25,031.45, Lac registering the growth of about 6.72%. Profit before interest and depreciation increased from Rs. 1,691.42 Lac to Rs. 2,098.75 Lac registering the growth of 24.08%, Profit before tax increased from Rs. 676.16 Lac to Rs. 1,062.69 Lac, registering the growth of 57.16%. Net Profit increased by about 14.25% from Rs. 625.41 Lac to Rs. 714.53 Lac. Reserve and Surplus stood at Rs. 6,247.82 Lac.

Opportunities, Threats, Risks and Concerns:

As is normal and prevalent for any business, the Company is likely to face competition from large-scale imports. There can be risks inherent in meeting unforeseen situations, not uncommon in the industry. Your Company is fully aware of these challenges and is geared to meet them. Your Company also recognizes the risks associated with business and would take adequate measures to address the associated risks and concerns. Some of these factors include competition from multinational companies, duty free imports by customers against export obligations, our pricing strategy being mainly dependent on import tariffs and dependence on imported raw material.

Internal Control Systems and their adequacy:

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. Accordingly there is imperative need to revise and update internal controls and systems regularly considering the quantity of information, reports, records, documents, transaction statements etc. generated continuously in the Company. Authentic information serves as a strong foundation for effective decision-making which has long lasting consequences on the business growth. The internal control systems are supplemented by an extensive programme of internal audits, review by management, guidelines & procedures. Company's control systems are time tested, documented and recognized under ISO Certification. On the financial side, periodic audits by Internal Auditors and External Auditors provide a means whereby weaknesses are exposed and rectified.

The Company has an independent internal audit system, covering on a continuous basis, the entire gamut of operations and services spanning major business functions. The internal audit functions include evaluation of all financial & major operating system controls. The internal audit findings and recommendations are reviewed by the Audit Committee and are then reported to the Board.

Human Resource/Industrial Relations:

Human Resources Development, in all its aspects like training in safety and social values is under constant focus of the management. Relations between the management & the employees at all levels remained healthy & cordial throughout the year. The Management and the Employees are dedicated to achieve the corporate objectives and the targets set before the Company.

Business Outlook:

Steel Industry in India seems to be positive despite continuing global economic slowdown. This optimism stems from many factors. The Indian steel industry is in some ways insulated from the events affecting steel industry on a global scale as it does not rely on exports to the developed markets. Despite high interest rates and marginal slowdown in economic activity, the basic economic fundamentals will ensure stable performance of the economy in coming years. The year 2013-2014 offers a positive picture in terms of the growth in all segments in comparison with previous years. Consequently the demand for our products will increase. The Steel industry is in a mature phase of its life cycle. Industry value added (IVA), or the industry's contribution to the overall economy, is expected to grow at an annualized rate of 0.2% during the 10 years to 2018. During that same period, GDP is expected to grow at an annualized rate of 2.1%. The industry's growth in relation to that of the overall economy indicates that it is mature.

Cautionary Statement:

This report contains projections, estimates and expectations etc. which are just "forward looking statements". Actual results might differ from those express or implied in this report. Important factors that may have impact on company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in Government regulations/policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information.

For and on behalf of the Board

ASHOK SHAH

Ahmedabad, Dated: May 28, 2013. Chairman

APPENDIX - I**REPORT ON CORPORATE GOVERNANCE****(Pursuant to clause 49 of the Listing Agreement)**

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 Corporate Governance:

As a policy SURAJ Limited (SURAJ) gives utmost importance to achieving high standards of Corporate Governance and is committed to achieve the highest level of Corporate Governance in order to enhance long-term shareholder value by integration of systems and actions for enhancement of corporate performance. The Company places due emphasis on regulatory compliance.

The Company gives equal importance for maintaining as well as improving the quality of its products and to achieve this, the Company carries out continuous product developments and quality controls.

The Company gives utmost importance for developing a team of competitive professional managers. Overall, policy is set by the Board of Directors and implemented by a team of professional managers in their respective field. The Company gives fair amount of freedom to the employees to get their best contribution to the Company and rewards and incentives are given in recognition thereof.

2. Board of Directors:

Composition & size of the Board.

The present strength of the Board is eight Directors, The Board of Directors of the Company comprises of optimum mix of both Executive and Non-executive Directors with independent Directors. The Board members consist of persons with professional expertise and experience in various fields of Finance, Accounts, Management, Law, Labour Welfare etc.

Number of Board Meeting held during the year along with the dates of Meeting.

Four Board Meetings were held during the year 2012-13 the dates on which the said meetings were held are as follows:

- 1) 14th May 2012
- 2) 6th August 2012
- 3) 12th November 2012
- 4) 11th February 2013

Attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) and the number of Companies and Committees where he/she is Director/Member are as under.

Name of Director	PD/NPD*	ED/NED/ID*	No. of Board Meeting Attended	Attendance at the last AGM	No. of Directorship in other Companies (Excluding Pvt. Limited Companies)	No. of specified Committees (Other than (Suraj) in which chairman / Member	
						Chairman	Member
Mr. Ashok Shah	PD	ED	4	Yes	-	-	-
Mr. Guntant Shah	PD	ED	3	Yes	-	-	-
Mr. Kunal Shah	PD	ED	4	Yes	-	-	-
Mr. Bipin Prajapati	NPD	ED	3	Yes	-	-	-
Mr. Dipak Shah	NPD	NED/ID	4	Yes	-	-	-
Mr. Ketan Shah	NPD	NED/ID	4	Yes	-	-	-
Mr. Haren Desai	NPD	NED/ID	4	Yes	-	-	-
Mr. Bhupendrasinh Patel	NPD	NED/ID	4	Yes	-	-	-

* PD - Promoter Director NPD - Non Promoter Director, ID - Independent Director, N.E.D - Non-Executive Director, E.D.-Executive Director.

- The committees mentioned above include only Audit Committee and Share holders Investors' Grievance Committee.
- None of the Directors of the Company was a member of more than ten Committees of Boards as stipulated under Clause 49 of the Listing Agreement nor was a Chairman of more than five such committees across all companies in which he was a director.

The Chairman of the Board is an Executive Director.

In the judgment of the Board of Directors of the Company, following Directors are independent Non-executive Directors:

- Mr. Dipak Shah
- Mr. Ketan Shah
- Mr. Haren Desai
- Mr. Bhupendrasinh Patel

Information about Directors seeking appointment and re-appointment:

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. Ashok Shah	Mr. Gunvant Shah	Mr. Haren Desai
Date of Birth	May 29, 1966	March 25, 1971	December 21, 1945
Date of Appointment	January 20, 1994	January 20, 1994	July 26, 2008
Expertise in specific functional areas	Finance and Controlling	Marketing	Production & Technical
Qualifications	B.Com	B. Sc.	B. E.
Details of Shares held in the Company	10,77,700	9,91,600	Nil
List of companies in which outside Directorship held as on March 31, 2013 (excluding private & foreign) companies)	Nil	Nil	Nil
Chairman / Members of the *Committee of other companies on which he is a Director as on March 31, 2013	Nil	Nil	Nil

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

Information placed before the Board of Directors:

All major decisions regarding resource mobilization, capital expenditure, etc. are considered by the Board, in addition to day-to-day matters, which are statutorily required to be placed before the Board of Directors for its approval. Following information is regularly put up before the Board for its consideration and approval:

- Review of operational results
- Quarterly financial results
- Minutes of the meeting of Audit Committee and Shareholder's/Investors' Grievance Committee of the Board.
- Compliance with various statutory requirements.

The Board is informed of all material, financial and commercial decision from time to time.

3. Audit Committee:

The Audit Committee of the Company comprises of following three Non-Executive Directos and all them are Independent Director.

Name of Committee Member	Category	No. of meetings held	No. of meetings attended
Mr. Dipak Shah	Chairman	4	4
Mr. Ketan Shah	Member	4	4
Mr. Haren Desai	Member	4	4

The audit committee meetings were held on 14th May 2012, 6th August 2012, 12th November 2012 and 11th February 2013. The power and role of the Audit Committee are as per Guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchange.

The Terms of the reference of the Audit Committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines. The Audit Committee met prior to the finalization of Accounts for the year ended 31st March 2013.

The Chairman of the Audit Committee was present at 19th Annual General Meeting of the Company held on 24th September 2012.

4. Remuneration Committee:

- i) The Company constituted remuneration Committee of Directors on 13th May 2011
- ii) The broad terms of reference of the remuneration Committee are as under;
 - a) To approve annual remuneration plan of the Company.
 - b) Such other matters as the Board may from time to time request the Remuneration committee to examine and recommend/ approve.
- iii) The Chairman of the Remuneration Committee was present at the Last Annual General Meeting of the Company held on 24th September 2012.
- iv) The Company does not have any ESOP Scheme.
- v) Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the company endeavors to attract, retain, develop and motivate a high performance workforce. The company pays remuneration by way of salary, benefits, perquisites and allowances to its Chairman & CEO, Managing Director and other executive directors. Annual increments are decided by the Remuneration Committee within the salary scale permitted within the limits prescribed in the Act read with rules and schedules and as approved by the shareholders of the company.

The Company pays Sitting Fees of Rs. 2,500/- per meeting to its Non-Executive Directors (NEDs) for attending only the meeting of the Board of directors of the Company. However, the Company does not pay any sitting fees to the members for attending any other committee meetings except as mentioned above.

The details of the remuneration paid to the directors for the year 2012-13 are as follows:

Name of Directors		Ashok Shah	Gunvant Shah	Kunal Shah	Bipin Prajapati
Designation		Chairman & CEO	Vice Chairman & Whole Time Director	Managing Director	Whole Time Director
Fixed Component	Salary	36,00,000	36,00,000	36,00,000	12,00,000
	Perquisites	Nil	Nil	Nil	Nil
	Special Allowance	3,500	3,500	3,500	3,500
Variable Component		Nil	Nil	Nil	Nil
Contribution to Provident Fund and Super Annotation Fund		Nil	Nil	Nil	9,360
TOTAL		36,03,500	36,03,500	36,03,500	12,12,860

Company has not issued any convertible instrument. However, the details of the Shares held by Non-Executive Directors as at 31st March 2013 and sitting fees paid for various meetings attended during the F.Y. 2012-13 are as follows:

Sr. No.	Name of Non-Executive Director	No. of Shares Held	Sitting fees Paid during the year
1	Mr. Dipak Shah	1,200	10,000
2	Mr. Ketan Shah	None	10,000
3	Mr. Haren Desai	None	10,000
4	Mr. Bhupendrasinh Patel	None	10,000

5. Shareholders/Investors' Grievance Committee:

The Company has constituted a Shareholders/Investors' Grievance Committee to ensure timely services to the Member/Investors and to supervise the performance of the Registrar and Share Transfer Agent and to provide the best services to the Investors. It is also empowered to approve transfer, transmission and transposition of shares, issue duplicate share certificates, etc. from time to time.

The Committee consists of following three Non-Executive Directors, as under;

- | | | |
|----|-----------------|-------------------|
| 1. | Mr. Ketan Shah | Chairman/NED & ID |
| 2. | Mr. Dipak Shah | Member/NED & ID |
| 3. | Mr. Haren Desai | Member/NED & ID |

Mr. Ketan Shah, who is a non-executive director and independent, is a Chairman of the Committee and Mr. Viral Shah, Company Secretary of the Company is designated as Compliance Officer appointed by the Board.

The number of shareholder's complaints received through Stock Exchange or SEBI during the year 2012-13 and status of the same are as follows:

Complaints Received from	No. of Complaints Received	No. of Complaints Disposed off Satisfactorily	No. of Complaints Outstanding As on 31.03.2013
SEBI	None	None	None
Shareholders	31	31	None

All the complaints/queries are promptly attended and resolved to the satisfaction of shareholders. All shares received for transfer were registered and dispatched within the stipulated time, wherever documents were correct and valid in all respects.

6. General Body Meetings:

(A) Annual General Meeting:

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

Year	Location	Date & Time	Special Resolution passed
2011-12	Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009.	September 24, 2012 10:00 a. m.	1. Re-Appointment of Mr. Kunal Shah as a Managing Director of the company. 2. Re-appointment of Mr. Bipin Prajapati as a Whole Time Director of the company.
2010-11	Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009.	September 19, 2011 10:00 a. m.	None
2009-10	Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014.	November 25, 2010 10:00 a. m.	To Change the name of the Company from Suraj Stainless Limited to Suraj Limited.

(B) Extra Ordinary General Meeting:

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:

Year	Location	Date & Time	Special Resolution passed
2011-12	None	None	None
2010-11	None	None	None
2009-10	Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad - 380 014.	January 16, 2010 10:00 a.m.	To approve the Scheme of Amalgamation of Suraj Limited with Suraj Stainless Limited.

The shareholders passed the resolutions set out in the respective notices. At the forthcoming AGM, there is no item on the agenda that needs approval by postal ballot.

7. Disclosure:

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 Notes to the Accounts for the year 2012-2013
2. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Companies (Accounting Standard) Rules, 2006 as well as the Accounting Standard issued by the ICAI.
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.
4. As a non-mandatory requirements your Company has adopted the following clauses;
 - a) The Company has set up Remuneration Committee to determine remuneration package of executive director/s.

8. Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members and senior management personnel. The declaration by Chairman & CEO is forming part of this report.

9. Means of Communication with shareholders:

- | | |
|---|--|
| (i) Quarterly Results | : Quarterly results were taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of clause 41 of the Listing Agreement. Quarterly results are normally published in English and Gujarati newspapers. |
| (ii) Website | : www.surajgroup.com |
| (iii) Whether it also displays official News releases | : Press release, if any made by the Company are also displayed, if any. |
| (iv) The presentations made to institutional investors or to the analysts | : No such presentation has been made during the year. |
| (v) Whether MD&A is Part of Annual Report | : Yes |

10. General Shareholders Information:

- | | |
|----------------------------|---|
| (i) Annual General Meeting | : Date: 31 st August, 2013
Time: 10:30 a.m.
Venue: The Conference Hall of "The Ahmedabad Textile Mills Association", Near "Gurjari", Ashram Road, Ahmedabad - 380 009. |
|----------------------------|---|

(ii) Financial Calendar(Tentative) :

Period	Tentative Schedule
1 st quarter results ending 30 th June	Within 45 days of end of the quarter
2 nd quarter results ending 30 th September	Within 45 days of end of the quarter
3 rd quarter results ending 31 st December	Within 45 days of end of the quarter
4 th quarter results ending 31 st March	Within 60 days of the end of the year

- (iii) Book Closure dates : The date of Book Closure is from Saturday, 24/08/2013 to 31/08/2013 (Both days inclusive) to determine the members entitled to the dividend for 2012-2013
- (iv) Dividend Payment Date : Within 30 days from the date of AGM to be held on 31/08/2013
- (v) Listing on Stock Exchanges : Your Company's shares are listed with The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400 001. The listing fee for the financial year 2013 - 2014 has been paid.
- (vi) Stock Code : BSE - 531638
- (vii) Market Price Data : As Below

Month wise high/low prices during last year at BSE are as under:

Period	BSE High (Rs.)	BSE Low (Rs.)	No. of Shares Traded
Apr' 12	61.50	49.15	4,95,865
May' 12	58.50	50.30	4,37,339
Jun' 12	53.90	48.20	4,21,417
July' 12	51.50	43.00	3,41,940
Aug' 12	49.95	41.00	3,00,658
Sep' 12	58.85	41.50	2,95,313
Oct' 12	55.70	43.30	4,37,693
Nov' 12	48.90	40.30	3,18,852
Dec' 12	49.85	43.15	2,92,704
Jan' 13	47.85	42.00	3,21,017
Feb' 13	49.90	43.30	10,57,081
Mar' 13	51.85	41.50	1,18,68,299

- (viii) Registrar & Transfer Agents Address : MCS Limited
101, Shatdal Complex, 1st Floor, Opp. Bata Showroom, Ashram Road, AHMEDABAD- 380 009.
(+91)(79) 2658 2878/ 2658 4027
- (ix) Share Transfer System : 1. the share transfer activities under physical mode are carried out by RTA. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time.
2. Physical shares received in dematerialization are processed and completed within a period of 15 days from the date of receipt. Bad deliveries are promptly returned to Depository Participants (DPs) under the advice to the shareholders.
3. As required under clause 47-C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

- (x) Distribution of Shareholding :
a. Distribution of Shareholding as on 31st March 2013

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Shares Holding
From To				
Up - 5000	1950	94.9367	763722	3.9645
5001 - 10000	41	1.9961	298852	1.5513
10001 - 20000	15	0.7303	204809	1.0632
20001 - 30000	6	0.2921	148647	0.7716
30001 - 50000	5	0.2434	192246	0.9979
50001 -100000	15	0.7303	1132412	5.8784
100001-1000000	15	0.7303	4265612	22.1428
1000001 - Above	7	0.3408	12257800	63.6303
Total	2054	100.0000	19264100	100.0000

b. Shareholding pattern as on 31st March 2013

Sr. No.	Category	No. of Shares Held	% of total Shares
1	Promoters	1,35,64,400	70.41%
2	Mutual Funds/UTI	NIL	NIL
3	Private Corporate Bodies	19,15,816	9.95%
4	Public including HUF	22,15,323	11.50%
5	NRIs/Foreign Companies/OCBs	15,68,561	8.14%
	TOTAL	1,92,64,100	100.00%

(xi) Dematerialization of Shares and Liquidity:

Number of shares held in dematerialized and physical mode as on 31st March 2013

Particulars	No. of Equity Shares	% to Share Capital
NSDL	3431181	17.81%
CDSL	15693186	81.46%
Physical	139733	00.73%
TOTAL	1,92,64,100	100.00%

As per SEBI's Directive, effective from 27th November 2000 trading in equity shares of the Company has been made compulsory in dematerialized form for all the categories of investors. The Company has already established connectivity with National Securities Depository Ltd. and Central Securities Depository Ltd. through MCS Limited, Registrar & Share Transfer Agent, so as to facilitate the dematerialization of its shares.

- (xii) Outstanding GDRs/ADRs /warrants or any convertible instruments, conversion date and likely impact on Equity : The Company has not issued any of these instruments.
- (xiii) Plant Locations : Survey No. 779/A, Thol, Kadi - Sanand Highway, Tal. - Kadi, Dist. Mehsana, Gujarat, Pin Code: 382 729
- (xiv) Address for Correspondence : 1. Share Transfer in Physical Form and other communication in that regard including share certificates, dividend and change of address etc., may be addressed to our Registrar & Share Transfer Agents at the address mentioned above.
2. Shareholders may also contact the Compliance Officer, Suraj Limited, Suraj House, Opp. Usmanpura Garden, Ashram Road, Ahmedabad-380014 for any assistance.
3. Shareholders holding shares in electric mode should address all their correspondence to their respective depository participants.

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, 2013.

For and on behalf of the Board of Directors

Date : 28-05-2013
Place : Ahmedabad

Ashok Shah
(Chairman & CEO)

CEO CERTIFICATION

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

- a) We have reviewed the financial statements and the cash flow statements for the year ended on 31st March 2013 and
 - 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, 2013 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 polices 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.

Date : 28-05-2013
Place : Ahmedabad

Ashok Shah
Chairman & C.E.O.

Kunal Shah
Managing Director

CIN NO :- L27100GJ1994PLC021088

Nominal Capital: Rs. 23,25,00,000/-

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
SURAJ Limited,
'Suraj House', Opp. Usmanpura Garden,
Ahmedabad-380 014

I have examined all relevant records of Suraj Limited for the purpose of certifying compliance of conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange for the financial year ended on 31st March 2013. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanation and information furnished, I certify that the Company has complied with;

- a) all the mandatory conditions of the said clause 49 of the listing agreement;
- b) the following non-mandatory requirements of the said Clause 49;
 - i) The Company has set up Remuneration Committee to determine remuneration package of executive director/s.

Signature with Seal

Name of Company Secretary : Sandip Sheth
Signing Authority : Practicing Company Secretary
FCS No. : 5467
COP No. : 4354

Date : 28-05-2013
Place : Ahmedabad

INDEPENDENT AUDITORS' REPORT

The Members,

M/S SURAJ LIMITED

Ahmedabad.

Report on the Financial Statements :

We have audited the accompanying Financial Statements of M/s. SURAJ LIMITED (the "Company"), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit & Loss and also the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements :

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 of India (the 'Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion :

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act 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 2013.
- ii) In the case of Statement of Profit & Loss, of the Profit for the year ended on that date and,
- iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on other Legal and Regulatory Requirements :

1. 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.
2. As required by Section 227(3) of the Act, we report that:
 - a) 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.
 - b) 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.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
 - e) 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 2013 from being appointed as Directors of the company in terms of clause (g) of Section 274(1) of the Companies Act, 1956.

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

Date : 28-05-2013
Place : Ahmedabad

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

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of " Report on other Legal and Regulatory Requirements of our report of even date.

- (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) A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on physical verification were not material and properly dealt with in the books of account.
 - (c) The fixed assets disposed off during the year were not substantial. According to the information and explanation given to us, we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the Company.
- (ii)
 - (a) The Inventories has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - (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) The Company has granted interest free unsecured loan to one company covered in the Register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 139 Lacs and the balance outstanding of such loan at the year end is Rs. NIL.
 - (b) The above loan is interest free and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
 - (c) In respect of the aforesaid loan, there is no stipulation as regard receipt/ renewal of the principal amounts.
 - (d) There are no overdue amount of more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) The Company has taken interest free unsecured loan from one company listed in the Register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 573 Lacs and the balance outstanding amount of such loan at the year end is Rs. 69.50 Lacs.
 - (f) The above loan is interest free and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
 - (g) In our opinion and according to the explanation given to us, the company is regular in paying the principal 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) According to the information and explanations given to us, there were no contracts or arrangements that were required to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (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 regarding provident fund, income-tax, Vat, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable. 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 2013 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 Rs.	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	Income Tax	6,81,310/-	A.Y. 2008-09	ITAT, Ahmedabad
Income Tax Act	Income Tax	2,29,491/-	A.Y. 2009-10	CIT (Appeal) - XIV Ahmedabad
Income Tax Act	Income Tax	4,68,300/-	A.Y. 2010-11	CIT (Appeal) - XIV Ahmedabad

- (x) The Company has no accumulated losses as at 31st March 2013. The company has not incurred any cash losses during the current financial year and also during 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 dealing in 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 secured debentures during the year nor has any outstanding debenture during the year.
- (xx) The company has not raised any money by way of public issues during year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

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

Date : 28-05-2013
Place : Ahmedabad

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

BALANCE SHEET AS AT 31ST MARCH 2013

(Amount in Rs.)

Particulars	Note No.	As at 31-03-2013	As at 31-03-2012
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
(a) Share Capital	1	19,26,41,000.00	19,26,41,000.00
(b) Reserves and Surplus	2	62,47,81,950.00	58,71,36,120.00
Non-current Liabilities			
(a) Long-term Borrowings	3	16,42,48,647.00	29,15,76,631.00
(b) Long-term Provisions	4	2,40,140.00	32,85,913.00
(c) Deferred Tax Liabilities	5	4,18,96,306.00	5,17,72,363.00
Current Liabilities			
(a) Short-term Borrowings	6	105,35,49,306.00	92,88,01,972.00
(b) Trade Payables	7	4,73,64,428.00	3,50,93,305.00
(c) Other Current Liabilities	8	15,24,84,964.00	16,56,09,739.00
(d) Short-term Provisions	9	8,66,44,914.00	6,29,52,239.00
Total Rs.		236,38,51,655.00	231,88,69,282.00
<u>ASSETS</u>			
Non-current Assets			
(a) Fixed Assets	10		
i) Tangible Assets		83,53,91,670.00	90,61,15,107.00
ii) Intangible Assets		3,49,728.00	-
(b) Long-term Loans and Advances	11	79,89,211.00	84,38,654.00
(c) Other non-current assets	12	2,36,196.00	3,87,244.00
Current Assets			
(a) Inventories	13	99,94,19,239.00	75,19,69,230.00
(b) Trade Receivables	14	29,44,59,395.00	48,70,34,156.00
(c) Cash and Bank Balances	15	6,85,37,452.00	5,44,70,953.00
(d) Short-term Loans and Advances	16	12,04,56,281.00	8,65,47,321.00
(e) Other Current Assets	17	3,70,12,483.00	2,39,06,617.00
Total Rs.		236,38,51,655.00	231,88,69,282.00
The notes form an integral part of these financial statements	26		

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

Date : 28-05-2013

Place : Ahmedabad

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

Chairman & C.E.O.

Kunal Shah

Managing Director

Viral Shah

Company Secretary

Date : 28-05-2013

Place : Ahmedabad

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH 2013

(Amount in Rs.)

Particulars	Note No.	As at 31-03-2013	Year ended 31-03-2012
I. INCOME			
Revenue from operations (gross)		283,24,66,907.00	262,40,20,493.00
Less: Excise duty		17,56,53,808.00	13,43,33,178.00
Revenue from operations (Net)	18	265,68,13,099.00	248,96,87,315.00
II Other Income	19	1,45,58,371.00	1,34,58,383.00
III Total Revenue (I + II)		267,13,77,470.00	250,31,45,698.00
IV Expenses			
• Cost of materials consumed	20	172,71,69,611.00	219,88,88,849.00
• Purchases of Stock-in-Trade	21		46,33,830.00
• Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade	22	19,70,18,945.00	(39,32,70,365.00)
• Employee benefits expenses	23	12,79,98,640.00	9,25,03,454.00
• Finance Costs	24	16,04,02,898.00	18,36,20,656.00
• Depreciation and amortization expense		10,36,06,775.00	10,15,25,878.00
• Other Expenses	25	24,89,05,918.00	24,76,27,184.00
Total Expenses		256,51,02,787.00	243,55,29,486.00
V Profit before exceptional items and tax (III - IV)		10,62,68,683.00	6,76,16,212.00
VI Exceptional items		-	--
VII Profit/(Loss) before tax (V - VI)		10,62,68,683.00	6,76,16,212.00
VIII Tax Expense :			
(1) Current Tax		4,45,73,333.00	2,50,76,385.00
(2) Deferred Tax Assets/Liabilities		(98,76,057.00)	(73,84,483.00)
(3) (Excess)/Short provision of earlier years		1,18,527.00	(1,26,16,602.00)
		3,48,15,803.00	50,75,300.00
IX Profit / (Loss) for the year (VII - VIII)		7,14,52,880.00	6,25,40,912.00
X Earnings per Equity Share of Rs. 10 each			
-- Basic & Diluted		3.71	3.25
The notes form an integral part of these financial statements	26		

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

Date : 28-05-2013
Place : Ahmedabad

For & on behalf of the Board of Directors

Ashok Shah Chairman & C.E.O.

Kunal Shah Managing Director

Viral Shah Company Secretary

Date : 28-05-2013
Place : Ahmedabad

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	<u>Year Ended</u> <u>31-03-2013</u> (Amount In Rs.)	<u>Year Ended</u> <u>31-03-2012</u> (Amount In Rs.)
CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	10,62,68,683.00	6,76,16,212.00
NON CASH ADJUSTMENT FOR-		
DEPRECIATION AND AMORTIZATION EXPENSES	10,36,06,775.00	10,15,25,878.00
UNREALISED FOREIGN EXCHANGE (GAIN)/LOSS	6,37,412.00	1,22,783.00
(PROFIT)/LOSS ON SALE OF FIXED ASSETS	2,86,347.00	(12,788.00)
ACCOUNT /EXPENSES WRITTEN OFF	10,93,718.00	13,38,964.00
INTEREST INCOME	(1,04,59,913.00)	(1,05,39,589.00)
INTEREST EXPENSES	11,22,69,957.00	11,56,06,513.00
PRELIMINARY EXPENSES WRITTEN OFF	1,51,048.00	1,63,979.00
INCOME TAX	2,01,145.00	-
Operating Profit/(Loss) before working capital changes	31,40,55,172.00	27,58,21,949.00
Adjustments for (Increase) / Decrease in operating Assests		
INVENTORIES	(24,74,50,009.00)	(5,73,66,414.00)
TRADE RECEIVABLES	19,29,63,619.00	(19,77,61,093.00)
SHORT TERM LOANS AND ADVANCES	(3,39,08,960.00)	(4,55,99,875.00)
OTHER CURRENT ASSESTS	(1,31,05,866.00)	(95,54,908.00)
LONG TERM LOANS AND ADVANCES	4,49,443.00	(29,45,176.00)
OTHER NON CURRENT ASSESTS	-	(62,500.00)
Adjustments for Increase / (Decrease) in operating Liabilities		
LONG TERM PROVISIONS	(30,45,773.00)	(2,476,030.00)
TRADE PAYABLE	1,29,75,983.00	17,04,881.00
OTHER CURRENT LIBILITIES	(1,31,24,775.00)	(41,68,575.00)
SHORT TERM PROVISIONS	39,72,648.00	42,91,882.00
Cash generated from operations	21,37,81,482.00	(3,81,15,859.00)
DIRECT TAX PAID (NET OF REFUND)	(2,82,21,050.00)	(20,191,088.00)
[A] Net cash flow from operating activities	18,55,60,432.00	(5,83,06,947.00)
Cash Flow from Investing activity		
PURCHASE OF FIXED ASSETS	(3,39,80,413.00)	(2,13,36,436.00)
PROCEEDS FROM SALE OF FIXED ASSETS	4,61,000.00	2,90,000.00
DEPOSIT MADE DURING THE PERIOD	(17,72,187.00)	(2,57,32,493.00)
INTEREST INCOME	1,04,59,913.00	1,05,39,589.00
[B] Net Cash from Investing activity	(2,48,31,687.00)	(3,62,39,340.00)
Cash Flow from Finance activity		
AVIALMENT/REPAYMENT OF LONG TERM BORROWING	(12,73,27,984.00)	(9,65,04,317.00)
AVIALMENT/REPAYMENT OF SHORT TERM BORROWING	12,47,47,334.00	27,62,33,696.00
INTEREST EXPENSES	(11,22,69,957.00)	(11,56,06,513.00)
DIVIDEND PAID	(2,88,96,150.00)	(2,88,96,150.00)
DIVIDEND TAX PAID	(46,87,677.00)	(46,87,677.00)
[C] Net Cash used in financing activity	(14,84,34,434.00)	3,05,39,039.00
NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS	1,22,94,311.00	(6,40,07,248.00)
OPENING CASH AND BANK BALANCE	24,69,174.00	6,64,76,422.00
CLOSING CASH AND BANK BALANCE (*)	1,47,63,485.00	24,69,174.00
(*) CLOSING CASH AND BANK BALANCE	6,85,37,452.00	5,44,70,954.00
Less :Fixed deposits with maturity greater then three month	5,37,73,967.00	5,20,01,780.00
CLOSING CASH AND BANK BALANCE	1,47,63,485.00	24,69,174.00

For PANKAJ K. SHAH ASSOCIATES

Firm Registration No. 107352W

Chartered Accountants

Pankaj K. Shah

Proprietor

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

Chairman & C.E.O.

Kunal Shah

Managing Director

Viral Shah

Company Secretary

Date : 28-05-2013

Place : Ahmedabad

Date : 28-05-2013

Place : Ahmedabad

NOTES TO THE FINANCIAL STATEMENTS
NOTE - 1 : SHARE CAPITAL

(Amount in Rs.)

Particulars	As at 31-03-2013	As at 31-03-2012
1. AUTHORISED CAPITAL		
2,32,50,000 Equity Shares of Rs. 10/- each.	23,25,00,000.00	23,25,00,000.00
2. ISSUED, SUBSCRIBED & PAID UP		
1,92,64,100 Equity Shares of Rs.10/- each, fully paid.	19,26,41,000.00	19,26,41,000.00
	19,26,41,000.00	19,26,41,000.00

3. Reconciliation of number of shares outstanding at the beginning & at the end of the reporting year

Particulars	As at 31 March 2013		As at 31 March 2012	
	No of Shares	Value Rs.	No of Shares	Value Rs.
-- At the beginning of the year	19264100.00	19,26,41,000.00	19264100.00	19,26,41,000.00
-- Movement during the period	--	--	--	--
-- Outstanding at the end of the year	19264100.00	19,26,41,000.00	19264100.00	19,26,41,000.00

4. The Company has only one class of equity shares having a par value of Rs. 10 per share, each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend in the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.
5. Company has not bought back any equity shares during the period of five years immediately preceding the Balance sheet date. However the Company has allotted 1,13,39,400 equity shares as bonus shares during F.Y .2007-2008 and also allotted 22,55,000 equity shares for consideration other than cash pursuant to the scheme of amalgamation during F.Y. 2009-2010
6. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.**

Name of the Shareholders	As at 31 March 2013		As at 31 March 2012	
	No. of Share held	% of Holding	No. of Share held	% of Holding
Anilaben Ashokkumar Shah	25,23,800.00	13.10	25,23,800.00	13.10
Suraj Impex Private Limited	24,69,000.00	12.82	24,69,000.00	12.82
Chandrikaben Kunal Shah	20,17,100.00	10.47	20,17,100.00	10.47
Rekhaben Gunvantkumar Shah	15,94,600.00	8.28	15,94,600.00	8.28
Ashokkumar Tarachand Shah	10,77,700.00	5.59	10,77,700.00	5.59
Kunal Tarachand Shah	10,30,600.00	5.35	10,30,600.00	5.35
Gunvant Tarachand Shah	9,91,600.00	5.15	9,91,600.00	5.15
Bsurinvest Bvba	15,45,000.00	8.02	15,45,000.00	8.02

NOTE - 2 : RESERVES & SURPLUS

Sr	Particulars	As at 31-03-2013	As at 31-03-2012
1	Securities Premium Account		
	Balance as per last Balance Sheet	21,89,56,000.00	21,89,56,000.00
2	General Reserve		
	Balance as per last Balance Sheet	2,63,75,485.00	2,63,75,485.00
3	Statutory Reserve		
	Opening Balance	2,40,32,110.00	2,09,05,064.00
	Add: Transferred from Profit & Loss Account	35,72,644.00	31,27,046.00
		2,76,04,754.00	2,40,32,110.00

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
4 Surplus in Statement of Profit & Loss		
Opening Balance	31,77,72,526.00	29,19,42,631.00
Add: Profit for the year	7,14,52,880.00	6,25,40,912.00
Less: Transfer to statutory reserve	35,72,644.00	31,27,046.00
Proposed Dividend	2,88,96,150.00	2,88,96,150.00
Tax on dividend	49,10,901.00	46,87,822.00
Closing Balance	35,18,45,711.00	31,77,72,525.00
	62,47,81,950.00	58,71,36,120.00

Note - 3 : LONG TERM BORROWINGS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
Term Loans		
From Banks		
Secured	26,77,48,647.00	40,71,76,631.00
Current maturities of Long-term debt	(10,35,00,000.00)	(11,56,00,000.00)
	16,42,48,647.00	29,15,76,631.00

Nature of Security and term of Repayment for Long Term Secured borrowings

Corporate Loan from Punjab National Bank of Rs. 15 Crore and other Term Loan aggregating to Rs. 37.50 Crores are secured by equitable mortgage on Immovable Properties of the company situated at Survey No. 771, 772, 773, 774, 779, 767, 779/A at village -Thol, Taluka Kadi Dist. Mehsana, & land of Wind mill at survey no. 367/2 Village -Vanku Taluka Abdasa, District Kutch Gujarat and Property of the company situated at "Suraj House", Vidhyanagar Soc, Usmanpura, Ahmedabad on first charge basis and personal guarantees of Directors of the Company viz. Ashok Shah, Kunal Shah & Gunvant Shah and corporate guarantee of M/s. Suraj Impex Pvt. Ltd.

Term Loan of Rs. 37.50 Crore is repayable in 22 equal Quarterly installment of Rs. 17050000/- starting from June 2010 and last installment due on Sep. 2015 and Corporate Loan of Rs. 15 Crore is repayable in 17 equal Quarterly installment of Rs. 8823530/- starting from June 2011 and last installment due on Sep. 2015.

Note - 4 : LONG TERM PROVISIONS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Provision for Employee benefits	2,40,140.00	32,85,913.00
	2,40,140.00	32,85,913.00

Note - 5 : DEFFERED TAX LIABILITIES (NET)

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
Balance as per last Financial Statement	5,17,72,363.00	5,91,56,846.00
Less: Deferred tax asset on account of timing difference of depreciation	98,76,057.00	73,84,483.00
	4,18,96,306.00	5,17,72,363.00

Note - 6 : SHORT TERM BORROWINGS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
SECURED		
1 Working Capital loans		
From Bank	72,43,02,641.00	55,13,90,303.00
2 Buyers credit arrangements	32,22,96,665.00	32,01,11,669.00
(The Working Capital limit from Punjab National Bank Rs. 69.48 Crores , Standard Chartered Bank Rs. 24.96 Crores and from IDBI Bank Rs. 47.56 Crore is Secured by the first charge on pari passu basis over the current assests of the company and second charge over the Fixed Assets of the company and guarnted by the director of the company (1) Shri Ashok Shah (2) Shri Kunal Shah (3) Shri Gunvant Shah. Further Working Capital loan form PNB, SCB and IDBI is Guranted by Corporate guarantee of Suraj Impex Pvt. Ltd.)		
<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
UNSECURED		
Loan from related party	69,50,000.00	5,73,00,000.00
	105,35,49,306.00	92,88,01,972.00

Note - 7 : TRADE PAYABLES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
Trade Payables	4,73,64,428.00	3,50,93,305.00
	4,73,64,428.00	3,50,93,305.00

Note - 8 : OTHER CURRENT LIABILITIES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Current maturities of Long-term debt	10,35,00,000.00	11,56,00,000.00
2 Interest accrued and due on borrowings	22,45,276.00	30,49,659.00
3 Interest accrued but not due on borrowings	18,24,138.00	33,68,256.00
4 Income received in advance	5,52,108.00	19,63,308.00
5 Statutory Dues	9,27,970.00	15,38,686.00
6 Advance from Customers	4,03,12,234.00	3,70,50,145.00
7 Unpaid dividend	13,17,325.00	12,60,090.00
8 Other Payables	18,05,913.00	17,79,595.00
	15,24,84,964.00	16,56,09,739.00

Note - 9 : SHORT TERM PROVISIONS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Provision for Employee benefits	82,64,530.00	42,91,882.00
2 Provision for income tax	4,45,73,333.00	2,50,76,385.00
3 Proposed dividend	2,88,96,150.00	2,88,96,150.00
4 Dividend tax	49,10,901.00	46,87,822.00
	8,66,44,914.00	6,29,52,239.00

LIMITED

NOTE-10 : FIXED ASSETS

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01-04-12	Addition	Deduction	As at 31-03-13	Upto 01-04-12	For the Year	Deduction During the Year	Upto 31-03-13	As at 31-03-13	As at 31-03-12
A. Tangible Assets										
Land & Site										
Development	191872050	10320	0	191882370	0	0	0	0	191882370	191872050
Factory Building	305431060	3797014	0	309228074	45162879	10284614	0	55447493	253780581	260268181
Office Premises	20013380	188615	0	20201995	2435178	328068	0	2763246	17438749	17578202
Plant & Machinery	788600930	25895924	0	814496854	399545911	82910752	0	482456663	332040191	389055019
Furniture Fixture										
Office Equipment	17278443	716628	0	17995071	7042540	1108359	0	8150899	9844172	10235903
Computer	8801986	372809	0	9174795	8411142	423506	0	8834648	340147	390844
Vehicle	24264691	2647344	1634005	25278030	10114195	2398518	886658	116226055	13651975	14150496
Wind Mill	59486722	0	0	59486722	36922310	6150927	0	43073237	16413485	22564412
(A)	1415749262	33628654	1634005	1447743911	509634155	103604744	886658	612352241	835391670	906115107
B. Intangible Assets										
Software	0	351759	0	351759	0	2031	0	2031	349728	0
(B)	0	351759	0	351759	0	2031	0	2031	349728	0
Total (A + B)	1415749262	33980413	1634005	1448095670	509634155	103606775	886658	612354272	835741398	906115107

Note - 11 : LONG TERM LOANS AND ADVANCES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
A Deposits		
Unsecured, Considered good	34,79,832.00	34,08,202.00
B Other Loans and Advances		
Unsecured, Considered good	45,09,379.00	50,30,452.00
	79,89,211.00	84,38,654.00

Note - 12: OTHER NON-CURRENT ASSETS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1. Preliminary Expenses	2,36,196.00	3,87,244.00
	2,36,196.00	3,87,244.00

Note -: 13 INVENTORIES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Raw material	55,24,21,018.00	10,62,53,713.00
2 Work-in-progress	35,51,03,401.00	53,98,46,215.00
3 Finished goods	4,25,96,525.00	6,24,36,213.00
4 Scrap	1,83,39,396.00	40,75,344.00
5 Advance Licence	2,28,35,352.00	2,95,35,847.00
6 Stores , Spares & Packing Material	81,23,547.00	98,21,898.00
	99,94,19,239.00	75,19,69,230.00

Note - 14 : TRADE RECEIVABLES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
A) Trade receivables outstanding for a period exceeding Six months from the date they are due for payment		
1 Unsecured, considered good	16,602.00	7,88,638.00
B) Trade receivables outstanding for a period less than Six months from the date they are due for payment		
1 Unsecured, considered good	29,44,42,793.00	48,62,45,518.00
	29,44,59,395.00	48,70,34,156.00

Note - 15 : CASH AND CASH EQUIVALENTS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
I. Cash and bank balance		
1 Balances with Banks		
- in Current account	1,31,31,004.00	1,82,774.00
- in earmarked account		
-Unpaid dividend account	13,17,325.00	12,60,090.00
2 Cash on hand	3,15,156.00	10,26,309.00
II Other Bank Balances		
In Fixed Deposits held as Margin Money		
- Maturity Period - More than 12 Months	5,37,73,967.00	5,20,01,780.00
	6,85,37,452.00	5,44,70,953.00

Note - 16 : SHORT TERM LOANS AND ADVANCES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
Other short term loans and advances		
Unsecured, considered good		
1 Balance With Excise and custom authorities	5,15,14,530.00	4,91,86,527.00
2 Advance Tax and TDS	6,10,19,616.00	3,34,54,628.00
3 Prepaid Expenses	39,53,368.00	28,12,213.00
4 Others	39,68,767.00	10,93,953.00
	12,04,56,281.00	8,65,47,321.00

Note - 17 : OTHER CURRENT ASSETS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Interest receivable	3,83,934.00	18,44,710.00
2 Export Incentives receivable	51,63,073.00	1,30,98,597.00
3 Advance to Suppliers	3,14,65,476.00	89,63,310.00
	3,70,12,483.00	2,39,06,617.00

Note - 18 : REVENUE FROM OPERATIONS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
A) Sale of Products		
1 Manufactured goods - Domestic Sales	136,68,10,711.00	107,81,97,958.00
2 Manufactured goods - Exports	144,78,21,127.00	151,31,98,362.00
3 Stock-in-trade	-	48,99,493.00
	281,46,31,838.00	259,62,95,813.00
B) Sale of Services		
1 Job Work	21,73,391.00	8,00,358.00
C) Other operating revenues		
1 Power generation income	77,92,049.00	77,27,787.00
2 Export incentives	78,69,629.00	1,78,02,138.00
3 Inspection charges (export)	-	13,94,397.00
Revenue from Operations(gross)	283,24,66,907.00	262,40,20,493.00
Less :- Excise Duty	17,56,53,808.00	1,34,333,178.00
Revenue from Operations(Net)	265,68,13,099.00	248,96,87,315.00
Tax deducted at source on Job Work	43,561.00	14,788.00

Note - 19 : OTHER INCOME

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Interest income	1,04,59,913.00	1,05,39,589.00
2 Profit on sale of assets	-	12,788.00
3 Accounts written off (Net)	-	29,06,006.00
4 Exchange Rate Fluctuation (Net)	40,98,458.00	-
	1,45,58,371.00	1,34,58,383.00
Tax deducted at source on Interest Income	7,92,055.00	10,06,262.00

Note - 20 : COST OF MATERIALS CONSUMED

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
Raw Material		
Opening Stock	10,62,53,713.00	44,96,11,986.00
Add : Purchases - Import	103,57,72,812.00	97,75,92,363.00
: Purchases - Domestic	113,75,64,104.00	87,79,38,213.00
	227,95,90,629.00	230,51,42,562.00
Less :Closing Stock	55,24,21,018.00	10,62,53,713.00
	172,71,69,611.00	219,88,88,849.00

Note - 21 : PURCHASES OF STOCK-IN-TRADE

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Traded Goods	-	46,33,830.00
	-	46,33,830.00

Note - 22 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
A. OPENING STOCK		
Finished Goods	6,24,36,213.00	4,38,75,150.00
Work in progress	53,98,46,215.00	16,68,86,119.00
Advance License	2,95,35,847.00	1,63,04,285.00
Scrap	40,75,344.00	1,55,57,700.00
	63,58,93,619.00	24,26,23,254.00
B. CLOSING STOCK		
Finished Goods	4,25,96,525.00	6,24,36,213.00
Work in progress	35,51,03,401.00	53,98,46,215.00
Advance License	2,28,35,352.00	2,95,35,847.00
Scrap	1,83,39,396.00	40,75,344.00
	43,88,74,674.00	63,58,93,619.00
	19,70,18,945.00	(39,32,70,365.00)

Note - 23 : EMPLOYEE BENEFITS EXPENSE

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Salaries, Wages, Bonus etc	11,71,52,347.00	8,48,54,409.00
2 Contribution to Provident and Other funds	25,76,028.00	21,35,257.00
3 Staff Welfare expenses	82,70,265.00	55,13,788.00
	12,79,98,640.00	9,25,03,454.00

Note - 24 : FINANCE COSTS

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
1 Interest Expenses	11,22,69,957.00	11,56,06,513.00
2 Exchange Fluctuation on Loans	3,34,19,141.00	5,15,28,112.00
3 Other Bank Charges	1,47,13,800.00	1,64,86,031.00
	16,04,02,898.00	18,36,20,656.00

Note - 25 : OTHER EXPENSES

<u>Particulars</u>	<u>As at</u> <u>31-03-2013</u>	<u>Year ended</u> <u>31-03-2012</u>
A) Manufacturing Expenses		
1 Power and fuel	6,04,78,804.00	5,32,24,359.00
2 Consumption of stores and spares	4,78,11,466.00	3,46,86,003.00
3 Packing material	92,14,334.00	1,16,64,308.00
4 Job work charges	3,00,409.00	19,83,389.00
5 Transportation and freight	1,60,42,911.00	1,58,48,255.00
6 Clearing & Forwarding Exp.	4,15,55,104.00	4,84,38,943.00
7 Repairs and maintenance:		
- Plant and machinery	1,97,40,572.00	1,10,46,820.00
- Building	69,900.00	73,001.00
	19,52,13,500.00	17,69,65,078.00
B) Administrative Expenses		
1 Audit Fees	4,50,000.00	4,50,000.00
2 Bad Debts Written off	3,88,858.00	42,44,970.00
3 Account Written off	7,04,860.00	-
4 Profit & Loss on Sales of Vehicle	2,86,347.00	-
5 Communication Exp.	18,36,261.00	16,57,086.00
6 Commission	27,75,844.00	2,77,69,397.00
7 Donation	73,100.00	67,101.00
8 Insurance	12,04,416.00	10,53,768.00
9 Legal & Professional Charges	40,54,494.00	37,41,453.00
10 Rates & Taxes	6,32,581.00	9,21,209.00
11 Selling and marketing expenses	75,26,557.00	97,07,396.00
12 Sales tax/VAT	27,57,056.00	11,86,523.00
13 Traveling, Conveyance & Vehicle Exp.	92,55,798.00	88,97,549.00
14 Miscellaneous Expenses	67,53,842.00	56,71,125.00
15 Prior Period Exp.	1,17,888.00	12,85,110.00
16 Wealth Tax Exp.	1,75,157.00	77,500.00
17 Exchange Rate Fluctuation (Net)	1,46,99,359.00	39,31,919.00
	5,36,92,418.00	7,06,62,106.00
	24,89,05,918.00	24,76,27,184.00

Notes to the Financial Statements for the year ended 31st March 2013

Note - 26**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 relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current -non current classification of assets and liabilities.

B) Fixed Assets and Depreciation :**a) 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.

b) 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.

Depreciation on sale /deduction from Fixed Assets is provided for up to the month of sale, deduction, discarded as the case may be.

C) Borrowing costs :

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

D) Inventories :

a) Raw Materials: Valued at cost or Market Value which ever is Lower.

b) Work-in-Progress is valued at cost plus direct cost, manufacturing overheads and other related cost 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 :

a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The company collects sales tax and value added tax (VAT) on behalf of Government and therefore these are not economic benefit flowing to the company. Hence they are excluded from revenue.

b) Sales:

Sales of goods is recognized when the significant risks and rewards of ownership of goods have passed to buyer.

c) Export Benefits :

Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis. Duty free imports of material under Advance License matched with the export made against the said licenses.

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 in the profit and loss account.
- b) Contribution to Provident Fund and Superannuation is accounted for on accrual basis.

H) Foreign Exchange Transactions :

- a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions. Monetary items denominated in foreign currencies at the year-end and not covered under forward exchange contracts are translated at year-end rate.
- b) 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.

I) Amortization of Miscellaneous Expenditure:

Preliminary expenses & Amalgamation expenses have been amortized over a period of five years in equal installments.

J) Income Tax Expenses:

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

- Current Tax

The current charge for income tax 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.

K) 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.

L) Prior Period Adjustment :

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

M) 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.

N) Provisions, Contingent Liabilities and Contingent Assts:

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.

II. ADDITIONAL NOTES (Forming an integral part of Accounts)**1. Contingent liabilities not provided for :**

Demand of Rs. 2,24,379/- raised by Sales Tax authorities, for the accounting year 2003-04 and Demand of Rs. 1,40,975/- for the accounting year 2004-05 which is disputed by the Company.

Demand of Rs. 6,81,310/- after giving appeal effect raised by Income Tax authorities, for Assessment year 2008-09 which is disputed by the Company.

Demand of Rs. 2,29,491/- raised by Income Tax authorities, for Assessment year 2009-10 which is disputed by the Company.

Demand of Rs. 4,68,300/- raised by Income Tax authorities, for Assessment year 2010-11 which is disputed by the Company.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts (net of advances) **NIL**

3. In terms of accounting policy (E) for the accounting of export incentives, estimated benefit of Rs 228.35 Lacs have been taken in to account under DES Scheme. Steps are being taken to import raw materials and utilize the same.

4. Amount Paid / Payable to Auditors :

No.	Particulars	2012-2013	2011-2012
a)	Audit Fees	3,75,000	3,75,000
b)	Tax Audit Fees	75,000	75,000
c)	For other works	--	2,28,873
	Total	4,50,000	6,78,873

5. Prior Period Expenditure:

No.	Particulars	2012-2013	2011-2012
a)	VAT Expenses	--	12,05,632
b)	Computer Exp	35,000	--
c)	Consultancy Expenses	22,500	38,600
d)	Transportation Exp	44,660	--
e)	Other Expenses	15,728	40,878
	Total	1,17,888	12,85,110

6. 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.
7. 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.

8. 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 benefits 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	223830	3175691
Interest cost	19026	269934
Current service cost	167984	514209
Benefits paid	(61062)	(208144)
Actuarial (gain) / Losses on obligation	(83741)	140294
Closing defined obligation	266037	3891984
Change in the fair Value plan asset		
Opening fair value of plan asset	--	3214952
Expected return on plan asset	--	276486
Contribution by employer	--	662986
Benefits paid	--	(208144)
Actuarial gain / (Losses)	--	18099
Closing balance of fair value of plan assets	--	3964379
Amount recognized in the balance sheet		
(Assets)/Liability at the end of the year	(266037)	(3891984)
Fair value of plan assets at the end of the year	--	3964379
Difference	(266037)	72395
Unrecognized past service cost	--	--
(Assets)/Liability recognized in the balance sheet	(266037)	72395

Particulars	Privilege Leave (non funded)	Gratuity (funded)
Income/expense recognized in the profit and loss account statement		
Current service cost	167984	514209
Interest cost on benefit obligation	19026	269934
Expected return on plan assets	--	(276486)
Net actuarial (gain) / loss in the period	(83741)	122195
Net Expenses	103269	629852
Movement in net liability recognized in balance sheet		
Opening net liability	223830	(39261)
Expenses as above (P/L Charge)	103269	629852
Employers contribution	(61062)	(662986)
(Assets)/Liability recognized in the balance sheet	266037	(72395)
Principal actuarial assumption as at balance sheet date		
Discount rate	8.00%	8.00%
Expected rate of return on the plan assets	8.70%	8.70%
Annual increase in salary cost	6.00%	6.00%
Attrition Rate	2.00%	2.00%
The categories of plan assets as % of total plan assets are with insurance company	100.00%	100.00%

9. 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 as 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 :

(Rs. in Lacs)

Sales	F.Y. 2012-13	F.Y. 2011-12
Domestic Sales	13668.11	10781.98
Export Sales	14478.21	15180.98
Total	28146.32	25962.96

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

10 Earning per share (EPS) :

Sr. No.	Particulars	2012-2013	2011-2012
a)	Net Profit after Tax available for Equity Shareholders (Rupees)	71452880	62540912
b)	Weighted average number of Shares at beginning	19264100	19264100
c)	Basic and Diluted Earning per Share (Rupees)	3.71	3.25

11 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 Shah
- 2 Shri Guntant Shah
- 3 Shri Kunal Shah
- 4 Shri Bipin Prajapati
- 5 Shri Ketan Shah
- 6 Shri Dipak Shah
- 7 Shri Haren Desai
- 8 Shri Bhupendrasinh Patel

* **Associate Companies :**

- 1 Suraj Enterprise Pvt. Ltd.
- 2 TBS Metal Pvt. Ltd.
- 3 Spice Metal Ltd.

- b) Transactions that have taken place during the period April 1, 2012 to March 31, 2013 with related parties by the company

Name of the Related Parties with whom the transaction have been made	Description of Relationship with the party	Nature of Transaction	F.Y. 2012-13		F.Y. 2011-12	
			During the Year	Amount Outstanding	During the year	Amount Outstanding
Suraj Enterprise Pvt. Ltd.	Associate Company	Temporary Adv. Taken Temporary Adv. Given	1782.50 2286.00	69.50	4378.00 3815.00	573.00
TBS Metal Ltd.	Associate Company	Purchase	--	--	133.87	--
Spice Metal Ltd.	Associate Company	Sales	--	--	4.47	--
Shri Ashok Shah	Chairman & C.E.O.	Remuneration P.F. Contribution Bonus	36.000 --- 0.0350	2.25	36.000 -- 0.0350	2.37
Shri Guntant Shah	Vice Chairman & Whole Time Director	Remuneration P.F. Contribution Bonus	36.000 -- 0.0350	2.25 --	36.000 -- 0.0350	2.37
Shri. Kunal Shah	Managing Director	Remuneration P.F. Contribution Bonus	36.000 --- 0.0350	2.25 ---	36.000 -- 0.0350	2.36 ---
Shri Bipin Prajapati	Whole Time Director	Remuneration P.F. Bonus	12.000 0.0936 0.0350	0.92	12.000 0.936 0.0350	0.99
Shri Dipak Shah	Non Executive Director	Sitting Fees	0.100	--	0.075	--
Shri Ketan Shah	Non Executive Director	Sitting Fees	0.100	--	0.075	--
Shri Haren Desai	Non Executive Director	Sitting Fees	0.100	--	0.100	--
Shri Mahesh Parikh	Non Executive Director	Sitting Fees	--	--	0.025	--
Shri Bhupendrasinh Patel	Non Executive Director	Sitting Fees	0.100	--	0.025	--

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

12 Inventory related details :

a) Consumption of Raw materials

(Rs. in Lakhs)

Particulars of Capacity	2012-2013	2011-2012
S.S. Seamless Pipes	4398.60	10125.11
S.S. Coil	5062.58	7032.30
S.S. Round Bar	7810.52	4831.48
Total	17271.70	21988.89

b) Composition (Raw Materials)

(Rs. in Lakhs)

Particulars	2012-2013		2011-2012	
	Value Rs.	% age	Value Rs.	% age
Indigenous	11715.76	67.83	8625.69	39.23
Imported	5555.94	32.17	13363.20	60.77
Total	17271.70	100.00	21988.89	100.00

c) Composition (Stores & Consumable)

(Rs. in Lakhs)

Particulars	2012-2013		2011-2012	
	Value Rs.	% age	Value Rs.	% age
Indigenous	449.14	93.54	298.31	86.00
Imported	28.97	6.46	48.55	14.00
Total	478.11	100	346.86	100

d) Finished Goods

Particulars	Sales	Closing Inventory	Opening Inventory
A) Manufactured goods			
-S. S. Pipes & Tubes	22809.06 (20968.19)	425.97 (624.36)	624.36 (438.75)
- S.S. Scrap	3580.72 (3602.43)	183.39 (40.75)	40.75 (155.58)
-Sub-Total	26389.78 (24570.63)	609.36 (665.11)	665.11 (594.33)
B) Traded goods			
-S.S. Pipe & Tubes	- (46.34)	- -	- -
-Sub-Total	- (46.34)	- -	- -
Total	26389.78 (24616.97)	609.36 (665.11)	665.11 (594.33)

e) Closing stock of WIP

(Amount in Rs.)

Particulars of Capacity	2012-2013	2011-2012
S.S. Pipes & Tubes	22,88,03,771	23,80,71,116
Round Bar	12,62,99,630	1,20,72,572
Total	35,51,03,401	53,98,46,215

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

(Amount in Rs.)

Particulars of Capacity	2012-2013	2011-2012
Raw Material	1,01,47,31,832.00	95,91,04,035.00
Capital Goods	1,01,11,018.00	41,40,610.00
Stores	58,43,611.00	48,54,996.00

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

(Amount in Rs.)

Particulars of Capacity	2012-2013	2011-2012
Traveling Expenses	12,84,427.00	13,40,936.00
Sales Commission	27,30,844.00	2,65,47,249.00
Advertisement	31,33,249.00	34,45,092.00
Business Development	15,06,895.48	24,63,248.00
Capital goods	1,01,11,018.00	41,40,610.00
Stores & Spares	58,43,611.00	48,54,996.00
Bank Interest	3,89,66,740.57	3,01,67,136.00

15. Details of Foreign currency exposure that are not hedged by derivative instruments or otherwise:-

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March 2013			
Receivables	EURO	190195.91	13106400.00
	USD	2757962.83	149371277.00
Payables	EURO	137374.29	9466462.00
	USD	521262.40	28231572.00
Buyer's Credit payable	USD	5531462.92	302405078.00
FCTL	USD	4887216.59	267184131.00
As at 31st March 2012			
Receivable	EURO	237567.00	15886125.00
	USD	5128302.00	260825446.00
Payable	EURO	56096.00	3825176.00
	USD	884556.00	45134865.00
Buyer's Credit Payable	USD	6657912.00	342150089.00

16. Earning in Foreign Exchange

(Amount in Rs.)

Particulars of Capacity	2012-2013	2011-2012
Export Sales (F.O.B. including deemed exports)	1398149594.00	1465477021.00

17. Dividend remitted to Non Resident:

Number of Shareholders	01
Number of Shares held	15,45,000
Net amount of dividend remitted	
- Final dividend for the year 2011-12	Rs. 23,17,500.00
	Euro 34368.97

18. The Company has initiated the process of identifying the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2013, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
19. Previous year figures have been regrouped and/or rearranged whenever necessary.

Signature to Notes 1 to 26

As per our report of even date.

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

For and on behalf of the Board of Directors

Pankaj K. Shah
Proprietor
M.No. : 34603

Ashok Shah Chairman & C.E.O.
Kunal Shah Managing Director
Viral Shah Company Secretary

Date : 28-05-2013
Place : Ahmedabad

Date : 28-05-2013
Place : Ahmedabad

SURAJ LIMITED

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 20th Annual General Meeting of the Company held on Saturday, August 31, 2013 at 10:30 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

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 20th Annual General Meeting to be held on Saturday, August 31, 2013 at 10:30 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 2013

Signature : _____

Affix Revenue Stamp

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

REGD. OFFICE :

'Suraj House' Opp. Usmanpura Garden,
Ashram Road, Ahmedabad - 380 014. Gujarat (INDIA)
Phone : (079) 27540720