

**NOTICE OF THE 19TH ANNUAL GENERAL MEETING**

Regd. Office: Vill- Barpali, P.O. Kesaramal (Rajgangpur), Dist. – Sundargarh, Orissa - 770017

Notice is hereby given that the 19th Annual General Meeting of the members of SURAJ PRODUCTS LIMITED will be held on Thursday the 30th day of September, 2010 at 11.30 A.M. at the Registered Office of the Company at Vill: Barpali, P.O. Kesaramal (Rajgangpur) – 770 017 Dist: Sundergarh, Orissa, to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account of the Company for the year ended as on that date, together with the Auditor's Report and Director's Report thereon.
2. To declare Final dividend on equity shares.
3. To appoint a director in place of Mr. S.N. Kabra who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:-  
"RESOLVED THAT M/s Rustagi & Co. Chartered Accountants, the retiring Auditors of the Company be and hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company".

By Order of the Board  
For Suraj Products Limited

A.N.Khatua  
Company Secretary

Place: Barpali

Dated: 30.07.2010

**Note:**

1. A member entitled to attend, vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf, and a proxy need not be a member of this company. Proxies in order to be effective must be received at the registered office of the company not later than 48 hours before the commencement of the meeting. A blank proxy form is enclosed.
2. The dividend, if declare, will be paid to those members whose names appear on the Register of Members of the Company as on the Record date.
3. The Register of Member and Share Transfer Books of the company will remain closed from 22.09.2010 to 30.09.2010 (both days inclusive).
4. As required by the Listing Agreement, details of the Directors retiring by rotation and eligible for re-appointment are annexed hereto.
5. Members desiring to seek any information/clarification on the Annual Accounts are requested to write to the Company at least seven days before the Annual General Meeting.

**6. The Shares of the Company are in Electronic Form with both the Depositories namely NSDL & CDSL having ISIN – INE069E01019.**

- (i) Shareholders desirous of holding shares in dematerialized form are requested to contact their Depository Participants for dematerialization of their holding.
- (ii) To avail Electronic Clearing Service(ECS) facilities for payment of dividend, where ever applicable, share holders are requested to complete ECS Form attached to this Annual Report & forward the same to the Company's Share Transfer Agent (STA).

**ANNEXURE TO THE NOTICE****Information required to be furnished as per the Listing agreement:**

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

<b>Name of Director</b>	<b>Mr. S.N.Kabra</b>
<b>Date of Birth</b>	<b>20.12.1948</b>
<b>Date of Appointment</b>	<b>01.01.1997</b>
<b>Qualification</b>	<b>B.com</b>
<b>Expertise in specific functional areas</b>	<b>Running of Manufacturing Unit.</b>
<b>List of other Companies in which Directorship held</b>	<b>1. Sreechem Resines Ltd.</b>
	<b>2. Sreechem Finance Pvt. Ltd.</b>
<b>Chairman/Member of Committees the Board of Directors of other Companies in which he is a Director (excluding in foreign Chairman of Companies)</b>	<b>1. Audit Committee. 2. Share Transfer Committee. 3. Shareholders Grievance committee.</b>
<b>Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.</b>	<b>NIL</b>

**DIRECTORS' REPORT****Dear Shareholders,**

Your Directors have pleasure in presenting the 19th Annual Report along with the Audited Accounts of the company for the year ended 31st March 2010.

**FINANCIAL RESULTS :**

	Current Year (Rs. In Lac)	Previous Year (Rs. In Lac)
(i) Sales and other income	5604.72	6189.35
(ii) Profit before depreciation	531.27	433.32
(iii) Depreciation	325.90	231.80
(iv) Profit for the year	205.37	201.52
(v) Provision for tax	64.00	72.96
(vi) Profit after tax	141.37	128.55
(vii) Profit brought forward from the previous year	745.66	617.10
(viii) Profit available for appropriation	887.02	745.66
(ix) Proposed Dividend	41.30	—
(x) Tax on Proposed Dividend	7.02	—
(xi) Surplus carried to Balance Sheet	838.70	745.66

**OPERATIONS**

During the year, the Company produced 24367 MT of sponge iron compared to 21285 MT of previous year. The production of Pig Iron for the year was 8612 MT as compared to last year's production of 4594 MT. The production was constrained due to difficulty in procurement of desired grade of raw materials i.e. coal & iron and adverse logistic conditions from mines area during the year.

Sales of Sponge iron during the year totaled to 24729 MT compared to 21116 MT of previous year. Pig iron sales during the year totaled to 8485 MT in comparison to last year's sale of 4890 MT. Company's focus on the quality consistency and better marketing strategies contributed to higher profitability. The same resulted to an EPS of Rs. 2.40.

**DIVIDEND**

Your Directors recommend payment of maiden dividend at 7% (seven percent) i.e. Re. 0.70 per equity share for the year ended 31<sup>st</sup> March, 2010. The dividend if approved will be paid to those members whose name appears on the Register of Members on the record date.

**DIRECTORS**

Sri S.N. Kabra retires by rotation & being eligible offer himself for re-appointment and Mr. Dillip Kumar Agarwal has resigned from the Board effective from 01.07.2010.

**LISTING:**

The company has received in-principle approval for revocation of suspension in trading in the Company's shares from Bombay Stock Exchange Ltd. The Company has completed all the requirements of the Bombay Stock Exchange and trading in Company's shares are likely to be resumed shortly. The shares of the Company are also listed at Calcutta Stock Exchange Limited and Bhubaneswar Stock Exchange Limited. Board has approved at its meeting held on 30.07.2010 for delisting of shares from Bhubaneswar Stock Exchange Ltd. voluntarily to save resources.

## **SURAJ PRODUCTS LIMITED**

### **PERSONNEL**

The Provision of section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules 1975 as amended are not applicable to the company as no employee has drawn remuneration in excess of the limits specified therein.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company Confirm that;

- (i) In the preparation of annual accounts, the applicable Accounting Standards as specified by the Institute of Chartered Accountants of India have been followed and that there has been no material departure from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) The annual accounts have been prepared on going concern basis.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The prescribed details as required under section 217(1) (e) of the Companies (Disclosure of Particulars on the report of Board of Directors) Rules 1988 are set out in annexure 'A' forming part of this report.

### **REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, the following form part of this annual report:

- (i) Report on Corporate Governance – (Annexure 'B');
- (ii) Management Analysis Report – (Annexure 'C').

### **AUDITORS**

The Auditors, M/s Rustagi & Company, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and, are eligible, for reappointment.

### **ACKNOWLEDGEMENT**

Your Directors are pleased to place their sincere appreciation for the continued co-operation, guidance, support and assistance provided during the year by Canara Bank, SIDBI, Government Authorities, Shareholders, Customers and suppliers. They take this opportunity to record their appreciation of the contribution made by all the employees to the operations of the company during the year.

Place : Barpali  
Date: 30.07.2010

On behalf of the Board of Directors  
**Y. K. DALMIA**  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT**

Statement pursuant to Section 217(i) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March 2010.

**1. CONSERVATION OF ENERGY**

The Company has taken various steps for conservation of energy and has installed energy efficient equipments and thereby able to optimize the energy consumption.

**A. Power Consumption**

ELECTRICITY			For the year 2009-2010	For the year 2008-2009
(a)	Purchased Units	KWH	59,39,688	50,72,988
	Amount	Rs.	1,91,71,115	1,65,11,249
	Cost per Unit	Rs.	3.23	3.25
(b)	Through Diesel Generator	KWH	4,66,656	2,28,177
	Unit per Ltr. of Diesel		2.39	2.06
	Cost per Unit	*Rs.	12.19	16.25

\* Operating cost has been charged with other expenses.

**B. Power Consumption Per Unit Production**

Consumption of electricity per ton of production cannot be determined product wise as company is having common processing facility for interdependent products.

**2. TECHNOLOGY ABSORPTION****A. Research & Development (R & D)**

The Company does not have in-house Research & Development department.

**B. Technology Absorption, Adoption & Innovation**

The Company has entered into a technical collaboration with M/s Ecomashgeo Limited for making of Cold Briquettes for use in Blast Furnace. The technology is yet to be confirmed to the Company.

**3. FOREIGN EXCHANGE OUTGO**

Outgo (Capital Goods)	:	NIL	(NIL)
Technical Knowhow	:	13,01,922	(NIL)
Foreign Travel Expenses	:	3,63,332	(NIL)

Place : Barpali  
Date: 30.07.2010

On behalf of the Board of Directors  
**Y. K. DALMIA**  
Chairman

**REPORT ON CORPORATE GOVERNANCE**

As per the guidelines of SEBI & amended Listing Agreement with the stock exchanges, the company is making efforts to implement the guidelines taking in to consideration the size and location of the company.

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company continues to commit to maintain the highest standards of integrity, transparency and accountability in all facts of its operations and to create shareholder's value on sustainable basis. The company is committed to achieve and maintain the highest standards of Corporate Governance; it believes that good Corporate Governance with transparency and independence as its key ingredients provides the market oriented framework for the running of companies.

**2. BOARD OF DIRECTORS****A. The composition of the Board:**

As on 31st of March, 2010, the Board of Directors of Suraj Products comprises of six directors. The Board consists of the Chairman, who is Promoter & Executive Director, one Executive Director and four Non-Executive Director, of which three are independent. Details are given below.

<b>Name of the Directors</b>	<b>Category</b>
Mr. Y. K. Dalmia	Promoter – Executive Chairman
Mrs. S. Dalmia	Non Executive & Promoter
Mr. S. N. Kabra	Independent – Non Executive
Mr. R. P. Agarwal	Independent – Non Executive
Mr. D. K. Agarwala	Independent – Non Executive
Mr. Gagan Goyal	Executive Director

**B. Number of Board Meetings:**

During the year 2009-10, the Board of the Company met Five times on 25.04.2009, 08.07.2009, 30.07.2009, 30.10.2009 and on 28.01.2010. All the meeting were held in such manner that the gap between two consecutive meetings was not more than four months.

<b>Name of the Directors</b>	<b>Attendance Particulars</b>		<b>Number of other Directorship and Committee Chairmanship / Membership</b>		
	<b>Board Meetings</b>	<b>Last AGM</b>	<b>Other Directorship</b>	<b>Committee Membership</b>	<b>Committee Chairmanship</b>
Mr. Y. K. Dalmia	5	Yes	2	1	1
Mrs. S. Dalmia	5	Yes	2	1	—
Mr. S.N. Kabra	4	Yes	2	3	2
Mr. R. P. Agarwal	3	Yes	—	2	—
Mr. D. K. Agarwala	—	Yes	—	—	—
Mr. Gagan Goyal	5	Yes	—	2	—

**3. AUDIT COMMITTEE**

The audit committee consists of Sri S.N. Kabra, Sri R. P. Agarwal and Sri Gagan Goyal. Sri S. N. Kabra acts as Chairman of the Committee. During the period under review three Audit Committee meetings were held 26.07.2009, 29.10.2009 and 27.01.2010

The composition of the Audit Committee and attendance of its meetings are given below:

<b>Name of the Directors</b>	<b>No. of Audit Committee Meeting Attendance</b>
Sri S.N. Kabra	3
Sri R.P.Agarwal	2
Sri Gagan Goyal	3

**Term of reference of the Audit Committee:**

The committee is entrusted with review of half yearly and annual financial statements before submission to the Board. The scope of the audit committee, inter alia, includes review of the Company's financial reporting process, the financial statements; review the adequacy of the internal control systems.

**4. MANAGERIAL REMUNERATION**

There is no remuneration Committee in the Company. The remuneration of Chairman was fixed in the AGM held on 30.09.2007 & the remuneration of Executive Director was fixed in the AGM held on 30.09.2006.

a) **REMUNERATION TO DIRECTORS**

Following remuneration was paid to Directors during the financial year 2009-10.

Mr. Y. K. Dalmia, Chairman	—	Rs. 9,00,000.00
Mr. G. Goyal, Executive Director	—	Rs. 2,40,000.00

No sitting fee was paid to any of the Directors during the year.

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

Shareholders' & Investors' Grievance Committee consists of Sri S.N. Kabra, Sri R.P. Agarwal and Smt. Sunita Dalmia. Sri S.N.Kabra acts as Chairman of the Committee. The Committee to look into redressing of shareholders and investors grievances like transfer of shares, non receipt of Balance sheet, etc

During the financial year 2009-2010 the Committee held three meetings 25.07.2009, 30.10.2009 and on 30.01.2010.

The committee received 4 complaints from investors during the year and all of have been resolved. There is no complaint outstanding at the end of the year.

Mr. Gagan Goyal acts as Compliance Officer to this Committee under the Security Exchange Board of India (SEBI) Notification.

**6. SHARE TRANSFER COMMITTEE**

The Company has a Share Transfer Committee consisting of Sri Y. K. Dalmia, Sri S.N. Kabra, and Sri Gagan Goyal. Sri Y. K. Dalmia acts as Chairman of the Committee. The Share Transfer Committee meets as and when required and is entrusted with transfer / transmission of shares, issue of duplicate share certificates, changes of name / status, transposition of names, sub-division / consolidation of share certificates, dematerialization / rematerialization of shares, etc.

## **SURAJ PRODUCTS LIMITED**

### 7. CEO/ CFO CERTIFICATION

A certificate from The Chairman on the Financial Statements of the Company was placed before at its meeting held on 30.07.2010.

### 8. RISK ASSESSMENT & MINIMIZATION PROCEDURE

The risk assessment and its minimization procedures have been laid down by the company and the same been informed to board members. The procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

### 9. GENERAL BODY MEETING

#### a). ANNUAL GENERAL MEETING

Date	Venue	Time	No. of Special Resolution
30 <sup>th</sup> Sept. 2006	Registered Office of the company at Barpali	11.30 A.M.	One
29 <sup>th</sup> Sept. 2007	Registered Office of the company at Barpali	11.30 A.M.	—
12 <sup>th</sup> Sept. 2008	Registered Office of the company at Barpali	11.30 A.M.	—
30 <sup>th</sup> Sept. 2009	Registered Office of the Company at Barpali	11.30 A.M.	—

b) During the year, no resolution was passed through postal ballot in accordance with Section 192A of the Companies Act, 1956.

### 10. DISCLOSURES

a) RELATED PARTY DISCLOSURE: There are no materially significant related party transactions with its Promoters, the Directors or the Management and their Subsidiaries or relatives etc., which may have potential conflict with the interest of the Company at large.

b) NON-COMPLIANCE PENALTIES: The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Security Exchange Board of India or any other Statutory Authority related to the capital markets during last three years. Bombay stock Exchange vide their Letter no. DCS/COMP/OT/KK/075/2009-10 dated 15.06.2010 has agreed to grant in-principle approval to revoke suspension in trading in the Company's shares. The Company has completed all the requirements of the Bombay Stock Exchange and trading in Company's shares are likely to be resumed shortly.

c) Code of Conduct: The board formulated a code of conduct for the Board Members and the senior management of the company. All Board Members and senior management personnel have affirmed their compliance with the code.

### 11. MEANS OF COMMUNICATION

a) The Company is not sending half-yearly reports to each household of shareholders.

b) The results are published in newspapers.

c) Annual reports are posted to the shareholders of the Company.

### 12. GENERAL INFORMATION FOR SHARE HOLDERS

#### a) 19th Annual General Meeting:

- Day : Thursday
- Date : 30th September, 2010
- Time : 11:30 Hrs
- Venue : Regd Office: Vill.: Barpali  
P. O.: Kesramal (Rajgangpur)  
Dist.: Sundergarh, Orissa.



- b) Financial Calendar (Tentative):
- Quarterly Results : Last week of succeeding month
  - Annual Accounts 2009-10 : May, 2010
- c) Date of Book Closure : 22nd September to 30th September, 2010  
(Both days inclusive).
- d) Listing at Stock Exchange : (i) Bombay Stock Exchange.  
(ii) Bhubaneswar Stock Exchange, Bhubaneswar.  
(iii) The Calcutta Stock Exchange Limited.
- e) Stock market Data:  
To the best of our information there has been no trading in the share of the Company during the year. The trading in shares of the Company had been suspended. Company has completed all the requirements for revocation of suspension in trading of Company's equity shares. Bombay Stock Exchange has also granted In-principle Approval for revocation of suspension. Trading in Company's shares will resume shortly.
- f) Dematerialization of shares:  
Since the Company has entered into agreement with both the depositories i.e. NSDL and CDSL for dematerialization of its Shares, the Shareholders of the Company have the choice to dematerialise their shares and keep them in dematerialized form with any depository participant. The ISIN is INE069E01019.
- g) Public Deposit:  
The Company has not accepted any deposit during the year & there is no outstanding deposit.
- h) Registrar & Share Transfer Agent:  
M/s MCS Limited,  
77/2A Hazra Road, Kolkata - 700 029.  
Telephone: 033-2476 7350 to 7354, 2454 1892, Fax: 033-2454 1961, 033-2474 7674,  
E-mail : mcskol@rediffmail.com
- i) Share Transfer System:  
Share transfer system is entrusted to the Registrar and Share Transfer Agent. Transfer Committee is empowered to approve the share transfers. Transfer committee Meeting is held as and when required. The share transfers, issue of duplicate certificate etc are endorsed by Directors / Executives / Officers as may be authorised by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Registrar within 30 days.

**13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010**

- a. Details of shareholding as on 31st March, 2010.

<b>CATEGORY</b>	<b>No. of Shares</b>	<b>% of Share Holding</b>
Promoters Group	33,00,800	55.95
Private Corporate Bodies	256700	4.35
Indian Public	2342500	39.70
<b>Total</b>	<b>59,00,000</b>	<b>100.00</b>

## **SURAJ PRODUCTS LIMITED**

b. Distribution of shareholding as on 31st March, 2010.

<b>CATEGORY No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shareholder</b>	<b>% of Share holding</b>	<b>% of Share holders</b>
1 – 500	1394900	8787	23.6424	93.0137
501 – 1000	351000	392	5.9492	4.1495
1001 – 5000	464700	225	7.8764	2.3816
5001 – 10000	169500	20	2.8729	0.2117
10001 – 50000	382100	14	6.4763	0.1482
50001 – 100000 and Above	160000 2977800	2 7	2.7119 50.4712	0.0212 0.0741
<b>Total</b>	<b>5900000</b>	<b>9447</b>	<b>100.0000</b>	<b>100.0000</b>

14. **Status of Non-Mandatory requirements:**

The non-mandatory requirements viz., Remuneration Committee, Shareholding Rights, Training of Board Members & Tenure of Independent Directors and Mechanism for performance evaluation of non-executive Board Members will be implemented by the Company when required and/or deemed necessary by the Board.

15. **Secretarial Audit:**

As stipulated by Securities and Exchange Board of India (SEBI), A qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges and is also placed before the Board of Directors.

16. **PLANT - LOCATION:**

Village – Barpali, Post – Kesramal (Rajgangpur)  
Dist – Sundargarh, Orissa  
Pin – 770 017

17. **ADDRESS FOR CORRESPONDENCE:**

Mr. Gagan Goyal  
SURAJ PRODUCTS LIMITED  
Village – Barpali, Post – Kesramal (Rajgangpur)  
Dist – Sundargarh, ORISSA. PIN – 770 017  
Phone: +91-661-2451074, +91-94370 49074  
E-mail: suproduct.investors@gmail.com

---

**DECLARATION UNDER CLAUSE 49(1)(D)**

As required under Clause 49 of the Listing Agreement(s) with Stock Exchanges relating to Corporate Governance I hereby declare that all the members of the Board of Directors and the senior Management personnel have compliance with the company's code of conduct, to the year ended 31st March,2010.

For Suraj Products Limited

Place: Barpali  
Date: 30.07.2010

Y. K. DALMIA  
Chairman

## Annexure to the Corporate Governance Report

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)

To

The members of **M/s. SURAJ PRODUCTS LIMITED**

We have reviewed the implementation of Corporate Governance procedures by M/s. Suraj Products Limited during the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

As per Schedule of implementation stipulated in clause 49 of the Listing Agreements with Stock Exchanges, the Company is supposed to comply with all the conditions by March, 2010. During the year, initiated steps to set up various Committees and comply with the other requirements during the course of the year in stages.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Corporate Governance Clause of the listing agreements with Stock Exchanges have been substantially complied with by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

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

19, R.N.Mukherjee Road  
Kolkata – 700001  
Dated: the 31st day of May, 2010

For RUSTAGI & CO  
Chartered Accountants  
(ASHISH RUSTAGI)  
Membership No. 062982

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Board takes pleasure in presenting your Company's Nineteenth Annual report for the year 2009-10 along with the compliance report on Corporate Governance.

**Industry Structure & Development:**

In the modern economy Steel is a vital component to the development. The strength of steel industry shows the growth & development of all major industrial economies. Consumption of steel is a significant indicator of socio-economic development of the people of the country. Since incubation period for setting up integrated steel plants is large, the growth in demand of steel during the year was met generally by secondary steel sector or through import of steel. One of the sources of metallic's for secondary steel making sector is sponge iron and pig iron. Sponge iron industry, therefore, witnessed continued development for its product during the year. The trend is likely to continue in future.

**Company's Performance**

Gross Turnover	:	Rs. 55, 90, 93,069.00
Profit before Taxation	:	Rs. 2, 05, 36,891.00
Profit after Taxation	:	Rs. 1, 41, 36,544.00

**Opportunities, Threats & Future Outlook:**

Increase in price at international market and unavailability of quality scrap provides huge opportunities for growth of Sponge Iron industry. Company is located in Orissa which has abundant stock of Iron ore and coal, the basic raw material for sponge iron industry & hence is ideally located to take advantage of the growing demand.

The emergence of large players may pose threat due to their economy of scale.

**Risk and Concern:**

Increasing trend in raw material prices and non-availability good quality of raw material is the area of concern for the Company. Company is keeping close watch on these and taking appropriate steps timely.

**Internal Control System & Their Adequacy:**

The company has adequate and effective internal control system commensurate with its size and nature of business. Internal audit and other control are reviewed periodically by Audit Committee.

**Human Resources:**

Company possesses good quality of human resources. The Board wishes to place on record its appreciation for the sustained efforts and devoted contribution made by all the employees for its success.

**Cautionary Statement:**

Actual results could differ materially from those stated above. Important factors that could make a difference to the Company's operation include, among others, economic condition affecting demand/supply and price conditions in the market in which the company operates, changes in Government regulations, tax laws and others statutes and incidental factors.

**RUSTAGI & CO.**  
CHARTERED ACCOUNTANTS

19, R. N. MUKHERJEE ROAD,  
EASTERN BUILDING, 1st FLOOR  
KOLKATA – 700 001  
PHONE : 2248-0856/0828  
FAX : 2243-0746

## AUDITOR'S REPORT

**TO**  
**THE MEMBERS OF**  
**M/S. SURAJ PRODUCTS LIMITED**

We have audited the attached Balance Sheet of “**Suraj Products Limited**” as at 31<sup>st</sup> March'2010 and the annexed Profit & Loss Account along with Cash Flow Statement for the year ending on that date. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidences supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

1. 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.
2. In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
3. The Balance Sheet, Profit & Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of accounts produced before us.
4. In our opinion prima facie, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standard, referred in sub-section 3(C) of section 211 of the Companies Act, 1961.
5. On the basis of written representation received from the director and taken on record by the Board of Directors, we report that prima facie none of the directors is disqualified as on 31.03.2010 from being appointed as a director in terms of clause(g) of sub-section(I) of section 274 of the Companies Act 1956.

## **SURAJ PRODUCTS LIMITED**

6. In our opinion and to the best of our information and according to the explanation given to us, the balance sheet and profit & loss account read with schedules and notes on account annexed thereto gives the information required by the Companies Act, 1956 in the manner so required and gives 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 31<sup>st</sup> March 2010 and;
  - ii) in the case of profit & loss account of the **Profit** for the year ended on that date.
  - iii) in the case of Cash Flow Statement of the Cash Flow of the company for the year ended on that date.

Place: Barpali

Dated, the 31st day of May, 2010

**For RUSTAGI & CO.**

Chartered Accountants

**(ASHISH RUSTAGI)**

**Partner**

Membership No.062982

**ANNEXURE****Re : M/s Suraj Products Limited**

Referred to in paragraph 3 of our report of even date,

- i) a) The company has maintained proper records showing details of fixed assets including quantitative details and situation of fixed assets. However comprehensive fixed asset register is being complied.
- b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion is reasonable having regards to the size of the company and the nature of its assets. On the basis of explanation given to us, no material discrepancies have been noticed on such verifications.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of fixed assets of the company and such disposals has, in our opinion, not affected the going concern status of the company.
- ii) a) According to information and explanation given to us the inventory of the company has been physically verified by the management during the year according to a phased program normally so designed that each material item is physically verified at least once in a year In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to information and explanation given to us the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to explanation given to us the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification between of stock as compared to the books and records.
- iii) a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly clauses (b), (c), (d) of the order are not applicable.
- b) The company has taken loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2,60,94,868/- and the year-end balance of loan taken was Rs.9082680/-
- c) In our opinion the rate of interest and other terms and condition on which loan has been taken from party listed in the register maintained under section 301 of the companies act 1956 are not, prime facie, prejudicial to the interest of the company.
- d) During the year the company was regular in repaying principle amount as stipulated and has been regular in payment of interest.
- iv) In our opinion, there is adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchases of inventory, fixed assets and with regard to sale of goods. Further on the basis of our examination of the books and records of the company, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.

## **SURAJ PRODUCTS LIMITED**

- v) a) Based on the audit procedure applied by us and according to information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under 301 have been so entered.
- b) According to information and explanation given to us, we are of the opinion that no transaction of purchase of goods and materials and sale of goods and materials and servicing made in pursuance of contract or arrangement entered in has taken place which is required to be entered into the register maintained U/s.301 of the Companies Act,1956.
- vi) The company has not accepted any deposit from the public within the meaning of Section 58A and 58 AA of the Act and the rules framed there under.
- vii) In our opinion, on the basis of the internal audit reports broadly reviewed by us, the coverage of internal audit function carried by firm of Chartered Accountants appointed by the management is commensurate with the size of the Company and the nature of its business.
- viii) According to information provided and in our opinion, the maintenance of cost records prescribed by Central Government of 209(1)(d) of the Companies Act is not applicable to the Company.
- ix) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, service tax, excise duty, cess and other material statutory dues applicable to it. However few delays in depositing dues were observed but no material discrepancy was observed.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c) According to information and explanation given to us, there are disputed sale tax and excise duty which has not yet been paid and are pending in at forum for redressal of dispute. The particulars of dues of Excise Duty, Sales Tax which has not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of dues	Amount Rs in lakhs	Period to which the amount relates	Forum where the dispute is pending
1) The Orissa Sales Tax Act, 1947	Dispute regarding Sales tax exemption, set off on cement, consumption norms.	31.5	1999-2000 to 2003-2004	Sales Tax, Tribunal, Orissa
2) The Orissa Entry Taxes, Rules 1999	Entry tax on interstate Purchase	9.7	2002-2003 to 2003-2004	Asst. Commissioner of Commercial Taxes, Rourkela
3) Central Sales Tax, 1969	Non submission of "C" Form Declaration	3.12	2004-2005	Asst. Commissioner of Commercial Taxes, Rourkela



- x) In our opinion the company do not have any accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to information and explanation given to us the company has not defaulted in repayment of dues to financial institutions and banks.
- xii) In our opinion and according to information and explanation given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or nidhi/ mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments and hence the clause is not applicable for the Company.
- xv) In our opinion and according to information and explanation given to us the company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi) In our opinion and information and explanation given to us term loans have been availed during the year and applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and on an overall examination of balance sheet of the company, we report that no funds raised on long term basis has been applied to finance short term assets. No short-term fund has been used to finance long-term investment except permanent working capital.
- xviii) According to information and explanation given to us the company has not made any preferential allotment during the period covered by our audit report. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.
- xix) According to information and explanation given to us the company has not issued any debentures during the period covered by our audit report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.
- xx) According to information and explanation given to us the company has not made any public issue during the period covered by our audit report. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.
- xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Barpali

Dated, the 31st day of May, 2010

**For RUSTAGI & CO.**  
Chartered Accountants

**(ASHISH RUSTAGI)**  
**Partner**  
Membership No.062982

**SURAJ PRODUCTS LIMITED****BALANCE SHEET AS AT 31st MARCH 2010**

I. SOURCES OF FUND	SCHEDULE	As at 31st March-10 (Rs.)	As at 31st March-09 (Rs.)
<b>SHARE HOLDERS FUND :</b>			
Share Capital	1	59,000,000	59,000,000
Reserve & Surplus	2	85,823,317	76,518,666
<b>LOAN FUNDS</b>			
Secured Loans	3	184,386,178	193,197,499
Unsecured Loans	4	45,583,164	20,978,223
<b>Deferred Tax Liability</b>		<u>21,750,377</u>	<u>21,247,879</u>
<b>TOTAL</b>		<u><b>396,543,036</b></u>	<u><b>370,942,266</b></u>
<b>II. APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	339,556,170	330,521,478
Less: Depreciation		<u>144,367,461</u>	<u>111,776,982</u>
Net Block		195,188,709	218,744,496
Capital Work in Progress		<u>5,289,956</u>	<u>218,744,496</u>
		<u>200,478,665</u>	<u>218,744,496</u>
<b>INVESTMENTS</b>	6	250,000	250,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	182,471,113	131,728,669
Sundry Debtors	8	31,542,038	42,706,414
Cash & Bank Balances	9	24,085,504	12,052,851
Loans & Advances	10	<u>39,584,770</u>	<u>39,928,285</u>
		277,683,425	226,416,219
Less: Current Liabilities & Provisions			
Current Liabilities	11	76,083,132	73,298,673
Provisions	12	<u>5,785,923</u>	<u>1,169,776</u>
<b>NET CURRENT ASSETS</b>		<u>195,814,370</u>	<u>151,947,770</u>
<b>TOTAL</b>		<u><b>396,543,036</b></u>	<u><b>370,942,266</b></u>
<b>NOTES ON ACCOUNTS</b>	20		

Schedules 1 to 12 and 20 form an integral part of the Balance Sheet

As per our report attached of even date

For **RUSTAGI & CO.**  
Chartered Accountants**(ASHISH RUSTAGI)**Partner  
Membership No.062982

Place : Barpali

Dated: the 31st day of May, 2010

For &amp; on behalf of Board of Directors

**Y. K. DALMIA**  
CHAIRMAN**S. N. KABRA**  
DIRECTOR**S. DALMIA**  
DIRECTOR**G. GOYAL**  
EXECUTIVE DIRECTOR**A.N. KHATUA**  
COMPANY SECRETARY

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

	SCHEDULE	For Year Ended	For Year Ended
		31.03.2010	31.03.2009
		(Rs.)	(Rs.)
<b>INCOME</b>			
Gross Sales		559,093,069	613,915,474
Less : Excise Duty		37,824,095	54,489,500
Net Sales		<u>521,268,974</u>	<u>559,425,974</u>
Other Income	13	1,378,458	5,019,835
Decrease in Stock of Finished goods	14	(980,369)	(6,218,186)
<b>Total</b>		<b><u>521,667,063</u></b>	<b><u>558,227,623</u></b>
<b>EXPENDITURE</b>			
Cost of Materials	15	379,509,021	439,849,562
Other Manufacturing Expenses	16	49,667,394	43,028,536
Payment to & Provision for Employees	17	6,262,081	5,207,928
Administrative & Selling Expenses	18	10,716,621	9,588,039
Financial Charges	19	22,384,576	17,221,262
Depreciation		<u>32,590,479</u>	<u>23,179,989</u>
<b>Total</b>		<b><u>501,130,172</u></b>	<b><u>538,075,316</u></b>
<b>Profit before Tax</b>		20,536,891	20,152,307
Less:Provision for Income Tax		6,090,200	4,148,240
Add :(Short)/excess prov for I.T for Previous years		(192,351)	223,952
Less:Provision for Deferred Tax		<u>502,498</u>	<u>2,924,617</u>
<b>Profit after Tax</b>		14,136,544	12,855,498
Balance Brought Forward from Previous year		<u>74,565,786</u>	<u>61,710,288</u>
<b>Balance Available for Appropriation</b>		<b><u>88,702,330</u></b>	<b><u>74,565,786</u></b>
Proposed Dividend		4,130,000	-
Tax on Proposed Dividend		701,894	-
Surplus carried to Balance Sheet		<u>83,870,437</u>	<u>74,565,786</u>
		<b><u>88,702,330</u></b>	<b><u>74,565,786</u></b>
Basic and Diluted Earnings Per Share(Rs.)		<b>2.40</b>	<b>2.18</b>

**NOTES ON ACCOUNTS**

20

Schedules 13 to 20 form an integral part of the Profit &amp; Loss Account

As per our report attached of even date

For **RUSTAGI & CO.**

Chartered Accountants

**(ASHISH RUSTAGI)**

Partner

Membership No.062982

For &amp; on behalf of Board of Directors

**Y. K. DALMIA**

CHAIRMAN

**S. N. KABRA**

DIRECTOR

**S. DALMIA**

DIRECTOR

**G. GOYAL**

EXECUTIVE DIRECTOR

**A.N. KHATUA**

COMPANY SECRETARY

Place : Barpali

Dated: the 31st day of May, 2010

# **SURAJ PRODUCTS LIMITED**

## **SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	<u>As at 31st March-10</u> (Rs.)	<u>As at 31st March-09</u> (Rs.)
<b>SCHEDULE - 1</b>		
<b>Share Capital</b>		
<b>Authorised :</b>		
60,00,000 Equity shares of Rs.10 each	60,000,000	60,000,000
<b>Issued, Subscribed &amp; Paid up Capital</b>		
59,00,000 Equity of Rs.10 each fully paid	59,000,000	59,000,000
	<u><b>59,000,000</b></u>	<u><b>59,000,000</b></u>
 <b>SCHEDULE – 2</b>		
<b>Reserve &amp; Surplus</b>		
Revaluation Reserve on Land		
As Per Last Account	1,952,880	1,952,880
Surplus as per Profit & Loss Account	83,870,437	74,565,786
( As Per Annexed account)	<u><b>85,823,317</b></u>	<u><b>76,518,666</b></u>
 <b>SCHEDULE –3</b>		
<b>Secured Loans</b>		
Term Loans		
i) From SIDBI		
Term Loan	5,910,000	4,500,000
Interest Accrued But Not Due	<u>42,503</u>	<u>9,279</u>
ii) From Canara Bank	60,998,097	78,858,398
Working Capital Finance (Canara Bank)	115,101,043	104,109,560
Vehicle Hire Purchase Credit	2,334,535	5,720,262
	<u><b>184,386,178</b></u>	<u><b>193,197,499</b></u>
 <b>SCHEDULE –4</b>		
<b>Unsecured Loans</b>		
From Bodies Corporate	45,583,164	20,978,223
	<u><b>45,583,164</b></u>	<u><b>20,978,223</b></u>

**Schedule to Balance Sheet**

**SCHEDULE -5 -FIXED ASSETS**

Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 31.03.2009	Additions	Sales	As at 31.03.2010	Upto 31.03.2009	For the Year	Adjust- ment	Total upto 31.3.2010	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Freehold)	3,591,400	-	-	3,591,400	-	-	-	-	3,591,400	3,591,400
Tree Plantation	224,350	-	-	224,350	-	-	-	-	224,350	224,350
Factory Building	59,806,934	-	-	59,806,934	18,336,149	3,881,092	-	22,217,241	37,589,693	41,470,785
Road & Culvert	410,862	-	-	410,862	132,552	10,134	-	142,686	268,176	278,310
Plant & Machinery	98,176,257	-	-	98,176,257	43,726,178	8,337,619	-	52,063,797	46,112,460	54,450,079
Pollution Control Equipment	57,577,532	-	-	57,577,532	13,101,550	6,818,168	-	19,919,718	37,657,814	44,475,982
Electric Installation	37,704,400	3,401,751	-	41,106,151	11,971,837	4,342,385	-	16,314,222	24,791,929	25,732,563
Motor Vehicles	5,037,159	2,15,889	-	5,253,048	2,787,633	595,054	-	3,382,687	1,870,361	2,249,526
Pay Loader	11,380,221	-	-	11,380,221	6,528,014	1,455,662	-	7,983,676	3,396,545	4,852,207
Furniture & Fixture	583,057	55,500	-	638,557	442,022	45,552	-	487,574	150,983	141,035
Computer	1,144,611	-	-	1,144,611	869,937	109,870	-	979,807	164,804	274,674
Water Supply & Tubewell	353,156	-	-	353,156	119,460	7,769	-	127,229	225,927	233,696
Others	39,931,326	1,386,330	-	41,317,656	7,433,300	4,763,456	-	12,196,756	29,120,900	32,498,026
Air Conditioner	456,154	138,222	-	594,376	201,313	35,460	-	236,773	357,603	254,841
Power Plant	14,144,058	-	-	14,144,058	6,127,037	1,229,009	-	7,356,046	6,788,012	8,017,021
Refractories	-	3,837,000	-	3,837,000	-	959,250	-	959,250	2,877,750	-
<b>Total</b>	<b>330,521,478</b>	<b>9,034,692</b>	<b>-</b>	<b>339,556,170</b>	<b>111,776,982</b>	<b>32,590,479</b>	<b>-</b>	<b>144,367,461</b>	<b>195,188,708</b>	<b>218,744,495</b>
Previous Year	229,548,695	103,752,359	2,779,576	330,521,478	90,185,175	23,179,969	1,588,182	111,776,982	218,744,495	

**SURAJ PRODUCTS LIMITED****SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	<u>As at 31st March-10</u> (Rs.)	<u>As at 31st March-09</u> (Rs.)
<b>SCHEDULE – 6</b>		
<b>Investments : Long Term</b>		
<b>Other than trade: Quoted</b>		
25000 units of HDFC Long Term Equity Growth Fund	250,000	250,000
NAV as on 31.3.10 Rs. 3,52,850 (Rs.187800 on 31.03.09)		
	<u>250,000</u>	<u>250,000</u>
<b>SCHEDULE – 7</b>		
<b>Inventories</b>		
(As taken valued and certified by the Management)		
Raw Materials	159,834,581	114,011,182
Finished Goods	6,347,037	7,289,649
Store & Spares	16,289,495	10,427,837
	<u>182,471,113</u>	<u>131,728,668</u>
<b>SCHEDULE – 8</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered good)		
Exceeding six months	4,178,088	7,096,356
Others	27,363,950	35,610,058
	<u>31,542,038</u>	<u>42,706,414</u>
<b>SCHEDULE – 9</b>		
<b>Cash &amp; Bank Balances</b>		
Cash in Hand (as certified by management)	406,477	653,673
Cash at Bank with Scheduled Banks in -		
Current Accounts	9,463,500	730,962
Fixed Deposits including interest accrued thereon	14,215,527	10,668,216
	<u>24,085,504</u>	<u>12,052,851</u>
<b>SCHEDULE – 10</b>		
<b>Loans &amp; Advances</b>		
(Advances recoverable in Cash or in kind or for value to be received)		
Balance With Revenue Authorities	6,493,683	12,763,695
Advances for Raw materials	18,480,057	16,789,241
Other Advances	7,002,060	2,853,879
Security Deposit	7,608,970	7,521,470
	<u>39,584,770</u>	<u>39,928,285</u>

**SURAJ PRODUCTS LIMITED****SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	<u>As at 31st March-10</u> (Rs.)	<u>As at 31st March-09</u> (Rs.)
<b>SCHEDULE – 11</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>Sundry Creditors</b>		
Raw Materials & Stores	19,069,081	12,903,999
Capital Goods	6,937,888	9,476,739
Others	12,699,855	45,770,769
Advances from Customers	37,376,308	5,147,166
	<u>76,083,132</u>	<u>73,298,673</u>
<b>SCHEDULE – 12</b>		
<b>Provision</b>		
Provision for Taxation (Net of Advance Tax)	954,029	1,169,776
Provision for Proposed Dividend	4,130,000	–
Tax on Proposed Dividend	701,894	–
	<u>5,785,923</u>	<u>1,169,776</u>
<b>SCHEDULE – 13</b>		
<b>Other Income</b>		
Interest Received	1,310,515	997,530
Profit On Sale Of Investments	–	558,606
Profit on Foreign Exchange Fluctuation	–	2,520,000
Miscellaneous Income	67,943	943,698
	<u>1,378,458</u>	<u>5,019,835</u>
<b>SCHEDULE – 14</b>		
<b>Increase/Decrease in Finished Goods</b>		
Closing Stock	6,347,037	7,289,649
Less: Opening Stock (Net of Excise Duty)	<u>6,734,709</u>	<u>12,952,895</u>
	(387,672)	(5,663,246)
Less : Excise Duty	592,697	554,940
	<u>(980,369)</u>	<u>(6,218,186)</u>
<b>SCHEDULE – 15</b>		
<b>Cost of Materials</b>		
Opening Stock		
Raw Materials	114,011,182	59,541,009
Traded Items	–	6,352,520
<b>Add : Purchase</b>	<u>425,332,420</u>	<u>487,967,215</u>
	539,343,602	553,860,744
<b>Less : Closing Stock</b>		
Raw Materials	<u>159,834,581</u>	<u>114,011,182</u>
	<u>379,509,021</u>	<u>439,849,562</u>

**SURAJ PRODUCTS LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

	As at 31st March-10 <u>(Rs)</u>	As at 31st March-09 <u>(Rs)</u>
<b>SCHEDULE – 16</b>		
<b>Other Manufacturing Expenses</b>		
Store & Spares Consumed	20,725,483	19,810,271
Power & Fuel	24,861,894	20,364,991
Repairs to Plant & Machinery	2,068,414	1,635,200
Repairs to Others	905,197	191,379
Insurance Charges	420,583	498,342
Others Expenses	685,823	528,353
	<u><b>49,667,394</b></u>	<u><b>43,028,536</b></u>

**SCHEDULE-17****Payments to & Provision for Employees**

Salaries, Wages & Bonus	5,531,556	4,431,952
Contribution to E.S.I	188,804	209,791
Contribution to P.F	398,890	351,443
Contribution to Gratuity Fund	142,831	214,742
	<u><b>6,262,081</b></u>	<u><b>5,207,928</b></u>

**SCHEDULE-18****Administrative & Selling Expenses**

Rates & Taxes	1,769,334	1,391,498
Rent	244,920	175,870
Travelling & Conveyance	892,958	282,870
Vehicle Expenses	151,105	243,213
Telephone Expenses	486,458	510,542
Postage & Stamps	76,152	71,968
Statutory Audit Fees	50,000	40,000
Tax Audit Fees	10,000	10,000
Internal Audit Fees	20,000	20,000
Bank Charges	522,789	478,502
Periphery Development	45,500	891,414
General Expenses	1,445,456	1,208,084
Printing & Stationary	157,867	162,166
Share Listing & Handling Expenses	82,008	89,377
Security Service Charges	1,220,873	1,213,755
Carraige outward	3,541,202	2,798,780
	<u><b>10,716,621</b></u>	<u><b>9,588,039</b></u>

**SCHEDULE-19**

Financial Charges		
Interest -Term Loan	9,010,450	5,520,799
Interest - Working Capital Loan	9,906,238	7,510,063
Interest - Others	3,467,888	4,190,400
	<u><b>22,384,576</b></u>	<u><b>17,221,262</b></u>



**SCHEDULE – 20****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES :****1. Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956.

**2. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ.

**3. Recognition of Income & Expenditure:**

Sales are recognized on dispatch of goods to the customers. The sales value is inclusive of Excise Duty and net of Sales Tax/VAT. Expenses are accounted for on accrual basis and provision is made for all expenses.

**4. Fixed Assets & Depreciation:**

Fixed Assets are stated at cost of acquisition and subsequent improvement thereto inclusive of taxes, duties, freight and other incidental expenses related to acquisition, improvements and installation.

**Depreciation**

a) Depreciation is provided on pro-rata basis at the rates specified in Schedule XIV to the Companies Act, 1956 as under:

Assets acquired after 01.04.02 : Written down Value Method

Assets acquired prior to 01.04.02 : Straight Line Basis Method

b) Refractory Assets are depreciated over the useful life of four years based on estimates approved by the management.

c) No depreciation is charged on the assets disposed off/discarded during the year.

**5. Investments:**

Long Term Investments are stated at cost, except where there is a diminution in value other than temporary in nature.

**6. Inventories:**

Inventories are valued at Cost or Net Realisable Value whichever is lower.

a. In case of Raw Material, Stores and spares, consumables and trading goods, the cost includes duties and taxes (net of Cenvat/Vat Credit wherever applicable) and is arrived on weighted average cost basis.

b. Cost of Finished goods includes the cost of raw material, cost of conversion and other manufacturing costs incurred in bringing the inventories to their present location and condition and excise duty.

**7. Employees Benefits:****(i) Short Term**

Short term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

**Defined-contribution plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

**(ii) Leave Encashment****Retirement other employee benefits**

- a) Earned leave which cannot be carried forward to future periods are "short term" benefit only if the employees are entitled to either encash or utilize the benefits during the period of twelve months following the end of the accounting period (when they became entitled to the leave). In other cases the benefit is required to be treated as "long term".

According to the policy of the company, no leave can be carried forward beyond the end of the financial year. Accordingly all leave granted has been accounted for in the current financial year.

- b) Contribution to Provident Fund, employee state insurance and other funds are determined under the relevant statute and charged to revenue Account.
- c) Present liability for future payment of gratuity is covered through Group Gratuity Scheme of Life Insurance Company of India and contribution thereon is charged to revenue account and the assets are funded by the LIC and the company has no obligation except to the extent of the premium determined by Life Insurance Corporation.

**8. Taxation:**

Provision for current taxation is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961

Deferred Tax is recognized subject to consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**9. Borrowing Cost:**

Borrowing costs attributable to the acquisition or Construction of a qualifying asset are capitalized. Other borrowing costs are recognized as expense in the period in which they are incurred.

**10. Impairment of Assets:**

Impairment Loss is recognized whenever the carrying amount at each Balance Sheet date is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

**11. Segment Reporting:**

As per AS 17, the company operates predominantly only in one business segment, i.e. finished products from Iron Ore. There is no reportable geographical segment.

**12. Earning Per Share:**

Basic Earnings per Share is calculated by dividing the net profit or loss after tax for the year attributable to the shareholders by the weighted average number of equity shares outstanding during the year. For purpose of calculating diluted earning per share, the net profit or loss for the year and weighted number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

**13. Foreign Currency Transaction:**

Foreign Currency Transaction is recorded in the reporting currency, by applying to foreign currency amount the exchange rate at the transaction date. The exchange difference arising on revenue transactions are charged to Profit and Loss Account.

**14. Provisions and Contingent Liabilities:**

Provisions are recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

**B. NOTES ON ACCOUNTS****1. Contingent Liabilities**

No provision is made in respect of the following: -

	As at 31.03.2010 (Rs. In Lacs)	As at 31.03.2009 (Rs. In Lacs)
(i) Disputed Demand of Orissa Sales Tax	34.62	34.62
(ii) Disputed Demand of Orissa Entry Tax	9.70	9.70
(iii) Bank Guarantees	59.27	32.77

2. Estimated amount of contracts remaining to be executed for capital expenditure and not provided for Rs 33,67,500/-(Previous year Rs Nil)

3. (i) Term Loans from SIDBI and Term Loan and Working Capital Loan from Canara Bank are secured by first charge on all the fixed assets of the Company's Plant at Barapali, Ragangpur except as follows :

(a) SIDBI has exclusive first charge to the exclusion of Canara Bank on the Plant & Other Machinery, Pollution Control Equipments, etc. relating to sponge iron unit & Power Plant aggregating to Rs.987 lakhs.

(b) Canara Bank has exclusive first charge on fixed assets of the Pig Iron Unit aggregating to Rs. 1613 Lacs, Hypothecation of Raw Material, Semi-finished & Finished goods, Stock in trade, Consumable Stores & Spares, Packaging Material & Book Debts, and Security of fixed deposits with the bank aggregating to Rs 54 lacs.

(ii) The above loans are secured by personal Guarantee of two of the Directors.

4. To the best of Knowledge of the management, none of the units to whom the company owes is a SME & Micro Industrial Undertaking.

## SURAJ PRODUCTS LIMITED

5. As per Accounting Standards – 18 – “Related Party Disclosures” issued by the Institute of Chartered Accounts of India, the names of the related Party are given below.

Key Managerial Person	:	Yogesh Kumar Dalmia, Chairman Gagan Goyal, Executive Director.
Enterprises over which Key Management	:	(1) Narbada Innovative Products (P) Ltd.
Personnel/ Relatives have substantial interest	:	(2) Balbhadra Infratech Private Ltd. (3) Vasundhra Mettaliks Private Ltd.

The details of transactions between the company and the related parties during the year as defined in the Accounting Standard are given below.

Sl. No.	Name of the Party	Nature of Transaction	As at 31.03.10 (Rs. In Lacs)	As at 31.03.09 (Rs. In Lacs)
(i)	Y. K. Dalmia, Chairman Gagan Goyal, Executive Director	Salary	9.00 2.40	8.25 2.40
(ii)	Narbada Innovative Pvt Ltd. Balbhadra Infratech Pvt Ltd. Vasundhra Mettaliks Pvt Ltd	Loan Taken	90.83 Nil Nil	86.83 97.61 25.34
(iii)	Narbada Innovative Pvt Ltd. Balbhadra Infratech Pvt Ltd. Vasundhra Mettaliks Pvt Ltd	Interest	5.92 6.70 0.71	6.09 9.59 0.42

6. In compliance with **Accounting Standard for Earning per Shares (AS-20)** issued by the Institute of Chartered Accountants of India the company has calculated EPS. There are no diluted elements involved, hence basic EPS and diluted EPS is same:-

	AS AT 31.03.2010	AS AT 31.03.2009
A) (I) No. of Shares at the Beginning of the Year	59,00,000	59,00,000
(II) No. of Shares Issued During the Year	NIL	NIL
B) Weighted Average Number of Equity Shares Outstanding during the Year	59,00,000	59,00,000
C) Net Profit After Tax Available for Equity Share Holders	1,41,36,544	1,28,55,498
D) Basic Earning Per Share ( C / B) Rs.	2.40	2.18

7. Managerial Remuneration

	As at 31.03.2010 (Rs. In Lacs)	As at 31.03.2009 (Rs. In Lacs)
1) Y. K. Dalmia, Chairman	9.00	8.25
2) Gagan Goyal, Executive Director	2.40	2.40
Total	11.40	10.65

**SURAJ PRODUCTS LIMITED**

8. Deferred Taxation	As at 31.03.2010 (Rs. In Lacs)	As at 31.03.2009 (Rs. In Lacs)
Composition of Deferred Tax Assets / Liabilities		
Net Deferred Tax Liability as at commencement	212.47	183.23
Add : Deferred Tax Liability arising in the Current year	5.02	29.24
Net Deferred Tax Liability	217.50	212.48

9. Information pursuant to the provision of Para 3,4C and 4D of the Part II of the Schedule VI of the Companies Act, 1956 (to the extent present and applicable to the company)

**A. Capacity and Production**

	Installed Capacity (M.T.)	Actual Production (M.T.)
Sponge Iron	36000 (36000)	24367 (21285)
Pig Iron	24000 (24000)	8612 (4594)

**B. Quantitative details in respect of goods manufactured (MT/Rs.).**

Item	Opening Stock		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value
1. Sponge Iron	408 (239)	5295794 (3169592)	24729 (21116)	317409321 (336477731)	46 (408)	562908 (5295794)
2. Pig Iron	113 (409)	1886813 (979064)	8485 (4890)	164712700 (134747166)	240 (113)	5799877 (1886813)
3. Iron ore Fines	— (677)	— (—)	38867 (60611)	44887355 (80188543)	— —	— —
4. Others	111 (142)	8894 (14239)	7494 (2022)	32083693 (232644)	100 (111)	38431 (8894)

**C. Material information in respect of Goods Traded (MT/Rs.)**

Description	Opening Stock		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value
Iron Ore Fines	Nil (6758)	Nil (6352520)	Nil (18130)	Nil (32043256)	Nil Nil	Nil Nil

**SURAJ PRODUCTS LIMITED****D. Information in respect of major raw material consumption during the year (MT/Rs.).**

	Current Year		Previous Year	
	Qty	Value	Qty	Value
1. Iron Ore	57201	147679547	43508	131590333
2. Coal	58818	80492764	44924	54837089
3. Coke	13772 *	140369823	5101	69277242
4. Others		10966887		3519387

\* Figure includes 3634 MT (663 MT) of under/over sized coke sold for Rs 3,70,38,620/- (Rs.23,27,340/-)

**10. Expenditure in Foreign Currency**

	Current Year (Rs.)	Previous Year (Rs.)
Foreign Travelling Expenses	363332	NIL
Technical Knowhow	1301922	NIL

11. Previous year figure have been regrouped / rearranged wherever found necessary.

12. Figures for previous year have been given in brackets wherever applicable.

**C. BALANCE SHEET ASBTRACT AND COMPANIE'S GENERAL BUSINESS PROFILES****(As per the Schedule – VI, Part – IV of the Companies Act, 1956)****(I) Registration Details**

Registration No.	02865
State Code	15
Balance Sheet Date	31.03.2010

**(II) Capital raised during the year**

(Amount in Lacs)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**(III) Position of mobilization and deployment of funds**

Total Liabilities	3965.43
Total Assets	3965.43

**Sources of Funds**

Paid up Capital	590.00
Reserves & Surplus	858.24
Secured Loans	1843.86
Unsecured Loans	455.83
Deferred Tax Liability	217.50

**Application of Funds**

Net Fixed Assets	1951.89
Investments	2.50
Net Current Assets	1958.14
Capital work In Progress	52.90

**(IV) Performance of Company**

Turnover (Including other income)	5604.72
Total Expenditure	5399.35
Profit / (Loss) before Tax	205.37
Profit / (Loss) after Tax	141.37
Earnings per share (Rs.)	2.40
Dividend Rate (%)	7

**(V) Generic Name of Products/Services of the Company**

Item Code No. (ITC Code)	003303
Product Description	Sponge Iron/Pig iron

As per our report attached of even date  
For **RUSTAGI & CO.**  
*Chartered Accountants*

**(ASHISH RUSTAGI)**  
Partner  
Membership No.062982

Place : Barpali  
Dated: the 31st day of May, 2010

For & on behalf of Board of Directors

**Y. K. DALMIA**  
*CHAIRMAN*

**S. N. KABRA**  
DIRECTOR

**S. DALMIA**  
DIRECTOR

**G. GOYAL**  
*EXECUTIVE DIRECTOR*

**A.N. KHATUA**  
*COMPANY SECRETARY*

**SURAJ PRODUCTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	<u>For the Year Ended 2010</u>	<u>For the Year Ended 2009</u>
<b>A <u>Cash Flow from Operating Activities</u></b>		
Net Profit before Tax and extra ordinary items	20,536,891	20,152,307
<b><u>Adustment for</u></b>		
Depreciation	32,590,479	23,179,989
(Profit) /Loss on sale of Assets		(558,606)
Financial charges	<u>22,384,576</u>	<u>17,221,262</u>
Operating Profit before Working Capital	75,511,946	59,994,952
<b><u>Adjustmentfor</u></b>		
Trade & Other receivable	11,164,376	(8,996,420)
Inventories	(50,742,444)	(43,915,514)
Increase/Decrease in Advances	343,516	18,634,324
Other Current Assets	-	2,135,670
Trade Payable	2,784,459	13,049,863
Direct Tax Paid	<u>(6,113,595)</u>	<u>(7,156,570)</u>
Net Cash from Operating Activities	<u>32,948,257</u>	<u>33,746,304</u>
<b>B <u>Cash Flow from Investing Activities</u></b>		
Purchase of Fixed Assets	(9,034,692)	(103,752,359)
Sale of Fixed Assets	-	1,750,000
Capital W.I.P	<u>(5,289,956)</u>	<u>49,135,532</u>
Net Cash from Investing Activites	<u>(14,324,648)</u>	<u>(52,866,827)</u>
<b>C <u>Cash Flow from Financing Activities</u></b>		
Proceeds from Long -Term Borrowing	(8,811,320)	84,583,450
Proceeds from Short -Term Borrowing	24,604,941	(46,426,501)
Financial charges paid	<u>(22,384,576)</u>	<u>(17,221,262)</u>
Net Cash Flow from Financing Activites	<u>(6,590,955)</u>	<u>20,935,687</u>
Net Cash Flow during the Year(A+B+C)	<b><u>12,032,654</u></b>	<b><u>1,815,165</u></b>
Cash and Cash Equivalent (Opening Balance)	12,052,851	10,237,686
Cash and Cash Equivalent (Closing Balance)	<u>24,085,504</u>	<u>12,052,851</u>
	<b><u>12,032,654</u></b>	<b><u>1,815,165</u></b>

**Auditor's Certificate**

We have examined the attached Cash Flow Statement of M/s.Suraj Products Limited for the year ended 31st March 2010. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement and is based on and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report on to the members of the Company. Previous year figures have been regrouped/rearranged wherever found necessary to make them compareable with relevant current year figure.

As per our report attached of even date  
For **RUSTAGI & CO.**  
*Chartered Accountants*

**(ASHISH RUSTAGI)**  
Partner  
Membership No.062982

For & on behalf of Board of Directors

**Y. K. DALMIA**  
CHAIRMAN

**S. N. KABRA**  
DIRECTOR

**S. DALMIA**  
DIRECTOR

Place : Barpali  
Dated: the 31st day of May, 2010

**G. GOYAL**  
EXECUTIVE DIRECTOR

**A.N. KHATUA**  
COMPANY SECRETARY



**ANNUAL REPORT**  
**2009-2010**



**SURAJ PRODUCTS LIMITED**

# BOOK - POST



*If undelivered please return to :-*

**Suraj Products Limited**

59, N.S. Road, 1st Floor

Kolkata - 700 001

# **SURAJ PRODUCTS LIMITED**

## **BOARD OF DIRECTORS**

Mr. Y.K.Dalmia, Chairman  
Mr. S.N.Kabra  
Mr. R.P.Agarwal  
Mrs. S. Dalmia  
Mr. G.Goyal, Executive Director

## **AUDITOR**

M/s. Rustagi & Co.  
19, R.N.Mukherjee Road  
Kolkata- 700072

## **COMPANY SECRETARY**

Mr. A. N. Khatua

## **BANKER**

Canara Bank

## **REGISTRAR & SHARE TRANSFER AGENTS**

M/s. MCS Ltd.  
77/2A, Hazra Road, Kolkata- 700029  
Telephone: 033-2476 7350 to 7354, 2454 1892  
E-mail : mcskol@rediffmail.com

## **REGD. OFFICE & WORKS**

Vill: Barpali  
P.O.: Kesaramal (Rajgangpur)  
Dist: Sundargarh – 770017  
Orissa  
E-Mail : suproduct@gmail.com

## **KOLKATA OFFICE:**

59, N.S. Road  
Kolkata- 700001

**SURAJ PRODUCTS LIMITED**

**Regd. Office :**

Vill : Barpali, Post : Kesaramal (Rajgangpur

Dist : Sundergarh-770017, Orissa

**PROXY FROM**

Folio No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a Member/Members of SURAJ PRODUCTS LIMITED

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

In the District of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ in the District of \_\_\_\_\_

as my/our proxy attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be the 30th September, 2010 and at any adjournment thereof.

Signedat ..... this ..... Days of ..... 2010.

Affix  
Re. 1/-  
Revenue  
Stamp

**Note :** The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time holding the meeting.

**SURAJ PRODUCTS LIMITED**

**Regd. Office :**

Vill : Barpali, Post : Kesaramal (Rajgangpur

Dist : Sundergarh-770017, Orissa

**ATTENDANCE SLIP**

Full Name of the Shareholders \_\_\_\_\_

Signature \_\_\_\_\_

Folio No. \_\_\_\_\_

If Proxy \_\_\_\_\_

Full Name in Block Letter

Signature \_\_\_\_\_

**Note :** If attending please bring this form duly completed at the time of Meeting.

# SURAJ PRODUCTS LIMITED

Registered Office :

Vill: Barpali, P.O.: Kesaramal (Rajgangpur)

Dist: Sundargarh, Orissa – 770017

## ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

To,  
M/s MCS Limited  
77/2A, Hazra Road,  
Kolkata – 700029

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No.	ECS Ref. No.: (For Office use only)
Name of the first/sole shareholder	
Bank Name	
Branch Address & Telephone No. of Branch	
Bank Account Number (As appearing on the Cheque Books)	
9 digit code number of the Bank and Branch appearing on the MICR Cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy of a Cheque issued to you by your Bank, for verification of the above particulars)	
Account type (Please tick the option)	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Cash Credit
Bank Account Ledger Folio No. (If any)	
Effective Date of this mandate	

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold M/s Suraj Products Limited responsible. I agree to discharge the responsibility expected of me as participant under the scheme.

I, further undertake to inform the Company of any subsequent changes (s) in the above particulars.

Place :

Name of First Holder : .....

Date :

Signature of First Holder : .....

### Note :

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In cash of shareholders holding the shares in demat form, the shareholders are requested to provide details to their respective Depository Participants. Shareholders are also requested to note that changes if any, intimated by the Demat Account holders directly to the Company will not be considered.