

**ANNUAL REPORT
2013 – 2014**



SURAJ PRODUCTS LIMITED

Formerly

CHAMPION CEMENTS INDUSTRIES LTD.

BARPALI, KESRAMAL, RAJGANGPUR, SUNDARGARH, ODISHA-770017

SURAJ PRODUCTS LIMITED

CIN : L26942OR1991PLC002865

BOARD OF DIRECTORS

Mr. Y. K. Dalmia, Chairman
Mr. S. N. Kabra
Mr. R. P. Agarwal
Mrs. Sunita Dalmia
Mr. Gagan 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 Share Transfer Agent Limited,
12/1/5, Manoharpukur Road,
Ground Floor, Kolkata - 700026
Telephone: 033-40724052
E-mail: mcssta@rediffmail.com

REGISTERED OFFICE :

Vill : Barpali
P.O.: Kesramal (Rajgangpur)
Dist : Sundargarh
Orissa – 770017
EPBX No. 09437049074
Email: suproduct@gmail.com, info@surajproducts.com
Website: www.surajproducts.com

KOKATA OFFICE :

59, N. S. Road
1st Floor
Kolkata – 700001
Tel/ Fax : 033-22107117

FOR YOUR KIND ATTENTION

Dematerialization of shares:

The shares of the Company are dematerialized with Central Depository Services (India) Ltd and National Securities Depository Limited. The Shares are traded in compulsory dematerialized form. You are requested to get the shares dematerialized with your Depository Participant. This will also help in quick credit of dividend to your account.

Some shareholders are still holding shares of the Company in physical mode having share certificates in the old name i.e. **“Champion Cement Industries Limited”**. They are requested to cut the Sticker of **“Suraj Products Limited”** given below and affix on the old Name in the share certificate before producing the certificates for Dematerialization. The shares of the Company can be traded in dematerialized form only. The Scrip Code at BSE is **518075** and at Calcutta Stock Exchange is **13054**.

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“Green Initiatives in the Corporate Governance”

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliances by Companies Vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, MCA has permitted Companies to send Notices, Annual Reports etc. to its Members in electronic form, i.e. through e-mail.

Besides ensuring prompt receipt of communication and avoid loss of articles during postal transit, it shall also benefit the society at large through reduction in paper consumption thereby contributing towards a greener environment.

In view of the above, Members who have not registered their e-mail address so far, are requested to register the same with their Depository Participant (DP), if shares are held in demat form and with the Registrar, if shares are held in physical form, to receive documents and other communication from the company in electronic form.

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NOTICE OF THE 23RD ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the members of SURAJ PRODUCTS LIMITED will be held on Saturday **the 27th day of September, 2014 at 11.30 A.M. at the Registered Office of the Company** at Vill: Barpali, P.O. Kesramal (Rajgangpur) – 770 017 Dist: Sundergarh, Orissa, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2014 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 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 the Audited Balance Sheet of the Company as at 31st March, 2014 and the Profit & Loss A/c for the year ended as on that date together with the reports of the Board of directors and Auditors' thereon be and are hereby received, considered and adopted."
2. To declare Final Dividend on equity shares.
3. To appoint a director in place of Mrs. Sunita Dalmia (DIN- 00605973) who retires by rotation and being eligible offers herself 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 pursuant to Section 139 and other applicable provisions, if any of companies Act, 2013 and the Rules framed there under and pursuant to the recommendation of the Audit Committee, Messrs Rustagi & Co., Chartered Accountants, Kolkata (ICAI Firm Registration Number -301094E), the retiring Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the company for a period of 3(three) years for auditing the accounts of the Company from the financial years 2014-15 to 2016-17(subject to ratification of the appointment by the members at every Annual General Meeting to be held during the period) and the Board of Directors be and is hereby authorized to fix their remuneration plus travelling and other out of pocket expenses incurred by them in connection with statutory audit ".

SPECIAL BUSINESS:

5. To consider & if thought fit to increase in remuneration of Sri Y.K.Dalmia, Whole Time Director designated as Chairman and pass with or without modifications the following resolution as an **Special Resolution**:
"RESOLVED THAT in partial modification of the earlier resolution passed on September 27, 2013 and pursuant to sections 197 and 198 of the Companies Act, 2013 and Schedule V read together with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of Central Government, if so required, the consent of the Company be and is hereby accorded for increase in remuneration of Sri Y.K.Dalmia, Chairman of the Company with effect from September 1, 2014 for remaining tenure of 4 years and will be liable to retire by rotation in, at the remuneration, perquisites and other benefits and upon the terms and conditions as set out herein below:
 - a. **Salary:**
Salary of Rs. 3,25,000 per month w.e.f. September 1, 2014 as may be decided by the Board/ Committee of the Board.
 - b. **Perquisites:**
 1. Medical reimbursement for self and family reimbursement of actual expenses subject to a ceiling of one month's salary in one year maximum of 3 month's salary in a block of three years.
 2. Leave Travel Concession for self and family as per Rules of the Company.
 3. The Company's contribution to Gratuity as per Rules applicable to the senior executives.
 4. Personal Accident Insurance as per the Rules of the Company.
 5. Provision for car with driver for business as well as personal purposes.
 6. Communication facilities.
 - c. **Privilege Leave:**
On full, pay and allowance as per Rules of the Company, but not more than one month leave for every eleven months of service rendered. Leave accumulated, but not availed, will not be allowed to be encashed.
 - d. **Entertainment Expenses:**
The Chairman shall be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.
 - e. So long as functions as Chairman of the Company, he shall not be paid any sitting fees for attending meeting of the Board of Directors or Committees thereof.

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f. Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Whole time Director, the payment of salary, commission & perquisites shall be governed by the limits prescribed under Part-II of Section-II of Schedule V of the Companies Act, 2013 as may for the time being in force.

g. The resolution for fixation of remuneration of Sri Y.K.Dalmia is recommended to the members for approval.

h. Sri Y.K.Dalmia may be concerned or interested in the resolution as Director and Smt. Sunita Dalmia as a relative of Sri Y.K.Dalmia. No other Director is concerned or interested in the resolution.

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. S.N.Kabra (DIN- 00556947), be and is hereby re-appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, and not liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. R.P.Agarwal (DIN- 02390381), be and is hereby re-appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, and not liable to retire by rotation.

By Order of the Board
For Suraj Products Limited

A.N.Khatua
Company Secretary

Place: Barpali
Dated: 09.08.2014

Notes :

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 Register of Member and Share Transfer Books of the company will remain closed from 24.09.2014 to 27.09.2014(both days inclusive).
3. As required by the Listing Agreement, details of the Directors retiring by rotation and eligible for re-appointment are annexed hereto.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts is annexed herewith.
5. The Company had declared Dividend @7% i.e. ₹ 0.70 per equity shares of the Company for the Financial Year 2009-10, @ 8 % i.e ₹ 0.80 for the Financial Year 2010-11, @ 9 % ₹ 0.9 for the Financial Year 2011-12 and @ 5 % i.e. ₹ 0.50 for the Financial Year 2012-13. All the equity shareholders of the Company are requested to contact the Company/ Share Transfer Agent i.e. M/s MCS Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Kolkata-700026 for payment of their dividend amount, if they have not been paid. The un-paid dividend for the Financial Year 2009-10, 2010-11, 2011-12 and 2012-13 as on 31.03.2014 are ₹ 6,07,120.5/-, ₹ 6,96,972/-, ₹ 8,47,149.30/- and ₹ 5,16,308/- respectively.

Members are requested to note that as per Section 124 of the Companies Act, 2013, dividends not en-cashed or claimed within seven years from the date of transfer to the Company's Un-paid Dividend Account, will be transferred to the Investor Education and Protection Fund.

The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the depositories for depositing dividends. As per the recent RBI guidelines, effective from September 30, 2009, ECS credit will be moved completely on National Electronic Clearance System (NECS) platform through core banking system. Accordingly, dividend will be credited to the shareholders' bank account through NECS where complete core banking details are available with the Company. In the event any branch of a Bank has not migrated to core banking system, or where the core banking account number is not furnished by the shareholder to the Depository/Company as the case may be, the Company will print the details available in its records on the dividend warrants to be issued to the shareholders. The Company is complying with SEBI's directive in this regard.

6. 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.

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- 7 Share holders are requested to notify their Bank particulars giving the name of the bank and the branch and the nature of account and also any change of address to the Company's Registrar and Share Transfer Agent, M/S MCS Share Transfer Agent Limited. Share holders are hereby intimated that under instructions from the Securities and Exchange Board of India (SEBI), furnishing of bank particulars by the shareholders has become mandatory.
- 8 Members are requested to send all communications relating to shares to the company's Share Transfer Agent. (Physical and Electronic) M/s MCS Share Transfer Agent Limited, 12/1/5, Manoharpukur Road, Kolkata-700026.e- mail:mcssta@rediffmail.com
9. RBI vide it's Circular No. DPSS. (CO). EPPD. No. 191.04.01.01/2009-2010 dated July 29, 2009 has instructed banks to move to the NECS platform from October 1, 2009.

Consequently you are requested to provide your new account number allocated to you after implementation of Core Banking System by your Bank. NECS credit to your old account may either be rejected or returned. Please provide to the Share Registrar and Transfer Agents new Bank Account particulars along with a copy of the cheque duly cancelled by quoting your reference folio number in case of shares held by you in physical form. In case the shares are in Dematerialized form, you may kindly provide the same to your Depository participant, so that your future dividend payments can correctly be credited to your new account.

10. In compliance with the provisions of section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 23rd Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

- (A) In case of members receiving e-mail from NSDL:
 - i) Open e-mail and PDF file viz. "SURAJ PRODUCTS LIMITED e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user id and password for e-voting. Please note that the password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - iii) Click on shareholder – Login.
 - iv) Put user id and password as initial password in step (i) above. Click Login.
 - v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi) Home page of e-voting opens. Click on e-voting cycles.
 - vii) Select "EVEN" of Suraj Products Limited.
 - viii) Now you are ready for e-voting as cast vote page opens.
 - ix) Cast your vote by selecting appropriate option and click on "Submit" and also click "Confirm" when prompted.
- (B) In case of members receiving physical copy of the notice of Annual General Meeting and attendance slip:
 - i) Initial password is provided below the attendance slip.
 - ii) If you are already registered with NSDL for e-voting then you can use your existing user id and password for casting your vote.
 - iii) The e-voting period commences on September 22, 2014 (9.00 AM) and ends on Sept. 23, 2014 (6.00 pm). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 15, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - iv) The voting rights of shareholders shall be as per the number of equity shares held by members as on the cut-off date (record date) of August 15, 2014.
 - v) L N Panda & Associates, Company Secretaries, Rourkela has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - vi) The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

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- vii) The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website @ www.surajproducts.com. Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report 2014 will be available on the Company's website.

Note: In case of queries/ grievances with regard to e-voting, contact Mr. Rajiv Ranjan, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Email: evoting@nsdl.co.in/ rajvir@nsdl.co.in. Tel: 022-24994600/ 022-249944738.

Registered Office :

At - Vill : Barpali,
Po : Kesramal, Rajgangpur,
Dist : Sundargarh, Odisha - 770017
e-mail : info@surajproducts.com
Website : www.Surajproducts.com
9th August, 2014

By order of the Board

A. N. Khatua
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No.5

Sri Y.K. Dalmia was re-appointed as the Chairman of the Company with effect from 1st September, 2013 for a period of five years at remuneration as mentioned therein.

In view of the scale of operations of the Company and the valuable contribution made by him during his tenure, your Board of Directors at their meeting held on August 9, 2014 has, on the recommendation of the Remuneration Committee of the Company and subject to the approval of the shareholders of the Company, revised the remuneration of Sri Y.K.Dalmia with effect from September 1, 2014 for the remaining tenure of his office as Chairman, to make his remuneration compatible with his services. It is proposed to seek the members' approval for increase in terms of the applicable provisions of the Companies Act, 2013.

None of the Directors and Key Managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out in item no. 6 except Sri Y.K. Dalmia being the concerned person and Smt. Sunita Dalmia being his relative to the extent of their employment and total shareholding in the Company.

Item: 6

In the opinion of the Board, Mr. S.N. Kabra (DIN- 00556947), fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. S.N. Kabra (DIN- 00556947), as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S.N. Kabra (DIN- 00556947), as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S.N. Kabra (DIN- 00556947), as an Independent Director, for the approval by the shareholders of the Company.

Item: 7

In the opinion of the Board, Mr. R.P. Agarwal (DIN- 02390381), fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. R.P. Agarwal (DIN- 02390381), as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R.P. Agarwal (DIN- 02390381), as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. R.P. Agarwal (DIN- 02390381), as an Independent Director, for the approval by the shareholders of the Company.

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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:

| Name of Director | Mr. S.N.Kabra | Mrs. Sunita Dalmia |
|--|---|---|
| DIN | 00556947 | 00605973 |
| Date of Birth | 20.12.1948 | 03.05.1964 |
| Date of Appointment | 01.01.1997 | 19.06.2000 |
| Qualification | B.Com | Graduate |
| Expertise in specific functional areas | Running of Manufacturing unit. | She has come from business family and has possess good business sense and administrative capabilities. |
| List of other Companies in which Directorship held (excluding in Foreign companies) | 1. Sreechem Resines Ltd. 2. Sreechem Finance Pvt. Ltd. 3. Nivedan Mercantile Pvt. Ltd. 4. Kasturi Fiscal Pvt. Ltd. 5. Shreechem Industries Pvt. Ltd. 6. AAbas Projects Pvt. Ltd. | 1. NIP Power Pvt. Ltd. 2. Balbhadra Infratech Pvt. Ltd. 3. Molisati Vinimay Pvt. Ltd. 4. Brex Technology Pvt. Ltd. 5. Om Green Power and Infrastructure Pvt. Ltd. |
| Chairman/Member of Committees the Board of Directors of the Company. | 1. Audit Committee. 2. Shareholders Grievance committee. 3. Share Transfer Committee. 4. Remuneration Committee | 1. Shareholders Grievance committee. 2. Remuneration Committee |
| Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company. | NIL | 4,72,400 Shares |

| Name of Director | Mr. R.P. Agarwal | Mr. Y.K. Dalmia |
|--|--|---|
| DIN | 02390381 | 00605908 |
| Date of Birth | 04.03.1958 | 15.05.1958 |
| Date of Appointment | 30.06.2006 | 01.09.20013 |
| Qualification | Chartered Accountant | Chattered Accountant & Company Secretary |
| Expertise in specific functional areas | Expertise in his own specified field. | Served various Companies during 1983-1987 in Finance Department mainly for project implementation. Promoted Champion Industries Limited presently Suraj Products Limited in 1992 and managing the same. |
| List of other Companies in which Directorship held (excluding in Foreign companies) | None | 1. NIP Power Pvt. Ltd. 2. Balbhadra Infratech Pvt. Ltd. 3. Molisati Vinimay Pvt. Ltd. 4. Brex Technology Pvt. Ltd. 5. Om Green Power and Infrastructure Pvt. Ltd. |
| Chairman/Member of Committees the Board of Directors of the Company. | 1. Audit Committee 2. Shareholders Grievance Committee 3. Remuneration Committee | 1. Share Transfer Committee |
| Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company. | NIL | 9,81,500 Shares |

DIRECTORS' REPORT TO SHAREHOLDERS

Dear Shareholders,

Your Directors have the pleasure in presenting their Report on the business and operations of your Company along with the Audited Accounts of the company for the year ended 31st March 2014.

FINANCIAL RESULTS :

| PARTICULARS | Current Year (₹ In Lac) | Previous Year (₹ In Lac) |
|---|------------------------------------|-------------------------------------|
| (i) Sales and other income | 9788.10 | 8323.08 |
| (ii) Profit before depreciation | 435.38 | 434.54 |
| (iii) Depreciation | 263.83 | 305.72 |
| (iv) Profit for the year | 171.56 | 128.82 |
| (v) Provision for tax | 56.88 | 50.10 |
| (vi) Profit after tax | 114.69 | 78.72 |
| (vii) Profit brought forward from the previous year | 1007.60 | 963.16 |
| (viii) Profit available for appropriation | 1122.28 | 1041.88 |
| (ix) Proposed Dividend | 51.31 | 29.50 |
| (x) Tax on Proposed Dividend | 8.95 | 4.78 |
| (xi) Surplus carried to Balance Sheet | <u>1062.02</u> | <u>1007.60</u> |

OPERATIONS :

During the year, the Company produced 28,703 MT and sold 29,566 MT of sponge iron compared to previous year's production of 24,712 MT and sales of 24,204 MT. The company produced 11,664 MT and sold 11,668 MT of Pig Iron as compared to last year's production of 9,334 MT and sales of 9,269 MT.

DIVIDEND :

The Board has recommended dividend at 6 % (Six percent) per share i.e. ₹ 0.60 on prorata basis (Previous year ₹ 0.50) per equity share for the year ended 31st March, 2014. The dividend if approved by the shareholders will be paid to those members whose name appears on the Register of Members on the record date. The total outgo on account of Dividend (ex-taxes) will be ₹ 51.31 Lac compared to previous year figure of ₹ 29.5 Lac.

SHARE CAPITAL :

During the year under review, your Company has allotted on preferential allotment basis 55,00,000 (Fifty Five Lacs) Ordinary (Equity) shares of Rs. 10/- each at a price of ₹ 20/- per Equity Share (including a premium of ₹ 10/- per share) to promoters and strategic investors in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. Consequently, the Issued, Subscribed and paid up Share Capital of the Company stood at ₹ 11,40,00,000/- comprising of 1,14,00,000 Ordinary (Equity) Shares of ₹ 10/- each fully paid-up. During the year the Authorized Share Capital of the Company has been increased from ₹ 600,00,000 (Rupees Six Crores only) divided into 60,00,000 Equity Shares of ₹ 10/- to ₹ 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 Equity Shares of ₹ 10/- each by creation of 60,00,000 Equity Shares of ₹ 10/-.

DIRECTORS:

Mrs. Sunita Dalmia (DIN- 00605973), Non-Executive Promoter Director who is liable to retire by rotation at the ensuing Annual General meeting and, being eligible, offer herself for re-appointment. Your Directors recommend her reappointment.

SECRETARIAL AUDITOR:

The company has appointed L.N.Panda & Associates, Company Secretaries, Rourkela, Odisha (under Section 204 of Companies Act 2013) for the financial year 2014-15. Mr. L.N.Panda has submitted his consent letter along the eligibility certificate under section 141(3) (g) of companies Act 2013, for the year 2014-15.

AUDITORS REPORT & AUDITORS' OBSERVATION:

There is no audit qualification in the Company's financial statements. The company continues to adopt practices to ensure best practice as per Indian Accounting Standards. The Notes on Accounts referred to in the Auditors' Report enclosed are self-explanatory and do not call for any further comments.

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AUDITORS:

M/s Rustagi & Co., Chartered Accountants (Reg. No.301094E), Kolkata retires at the ensuing Annual General Meeting and has given their consent for re-appointment along with the eligibility certificate as per Section 141(3) (g) of the Companies Act, 2013.

LISTING:

The shares of the Company are listed at Bombay Stock Exchange. The Scrip Code at BSE is 518075. The shares of the Company are also listed at Calcutta Stock Exchange Limited. The Scrip Code at CSE is 13054.

The respective listing fees for the above Stock Exchanges up to the year 2014-15 have been paid.

RECONCILIATION OF SHARE CAPITAL:

As directed by Securities Exchange Board of India (SEBI), Reconciliation of Share Capital is being carried out quarterly by a practicing Company Secretary. The findings of the Reconciliation of Share Capital were satisfactory.

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 departures 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, to the best of their 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 Discussion & Analysis Report – (Annexure 'C').

AUDITORS:

The members are requested to appoint the Auditors for the current year and fix their remuneration. Messrs Rustagi & Company, Chartered Accountants (Reg. No.301094E), Kolkata, the existing Auditors of the Company have given their consent for re-appointment along with the eligibility certificate as per Section 141(3) (g) of the Companies Act, 2013.

ACKNOWLEDGEMENT AND APPRECIATION:

Your Directors place on record their appreciation of the continued support, cooperation and assistance from our shareholders, customers, suppliers, employees and other business associates including various agencies of the Central and State Governments and Bankers.

On behalf of the Board of Directors

Place: Barpali
Date: 09.08.2014

Y. K. Dalmia
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217(1) (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 2014.

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.

| ELECTRICITY | | | For the year 2013-2014 | For the year 2012-2013 |
|-------------|--------------------------|-----|---------------------------|---------------------------|
| (a) | Purchased Units | KWH | 60,72,060 | 58,53,109 |
| | Amount | ₹ | 342,31,189 | 302,87,180 |
| | Cost per Unit | ₹ | 5.64 | 5.17 |
| (b) | Through Diesel Generator | KWH | 4,19,824 | 5,43,928 |
| | Unit per Ltr. of Diesel | | 3.75 | 3.55 |
| | Cost per Unit * | ₹ | 13.26 | 10.21 |

* Operating cost has been charged with other expenses.

Power Consumption

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:

The Company continue to use to technology & process know how developed in house.

3. FOREIGN EXCHANGE OUTGO:

| | Current Year (₹) | Previous Year (₹) |
|--------------------------------|------------------|-------------------|
| Purchase of Spares & Services: | 7,20,957 | 28,19,992 |
| Foreign Travel Expenses : | 89,284 | 55,702 |

On behalf of the Board of Directors

Place: Barpali
Date: 09.08.2014

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.

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.

1. BOARD OF DIRECTORS:

A. The composition of the Board:

As on 31st of March, 2014, the Board of Directors of Suraj Products comprises of five directors. The Board consists of the Chairman, who is Promoter & Executive Director, one Executive Director and three Non-Executive Directors, of which two are independent. Details are given below.

| Sl. No. | Name of the Directors | Status | Category | Shareholding in the Company |
|---------|-----------------------|----------|--|-----------------------------|
| 1 | Sri Y. K. Dalmia | Chairman | Promoter and Executive Director | 9,81,500 |
| 2 | Smt. S. Dalmia | Director | Promoter and Non Executive Director | 4,72,400 |
| 3 | Sri S. N. Kabra | Director | Non-Executive and Independent Director | NIL |
| 4 | Sri R. P. Agarwal | Director | Non Executive and Independent Director | NIL |
| 5 | Sri Gagan Goyal | Director | Executive Director | NIL |

SURAJ PRODUCTS LIMITED

B. Number of Board Meetings:

During the year 2013-14, the Board of the Company met seven times on 22.04.2013, 10.06.2013, 31.07.2013, 28.08.2013, 07.10.2013, 15.11.2013 and 08.02.2014. All the meeting were held in such manner that the gap between two consecutive meetings was not more than four months.

| Name of the Directors | Attendance Particulars | | Number of other Directorship and Committee Chairmanship / Membership | | |
|-----------------------|------------------------|----------|--|----------------------|------------------------|
| | Board Meetings | Last AGM | Other Directorship | Committee Membership | Committee Chairmanship |
| Sri Y. K. Dalmia | 7 | Yes | 6 | 1 | 1 |
| Smt. S. Dalmia | 7 | Yes | 5 | 2 | 1 |
| Sri S.N. Kabra | 5 | Yes | 6 | 4 | 2 |
| Sri R. P. Agarwal | 5 | Yes | — | 3 | — |
| Sri Gagan Goyal | 7 | Yes | — | 2 | — |

2. 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 four Audit Committee meetings were held 10.06.2013, 31.07.2013, 15.11.2013 and 08.02.2014.

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

| Name of the Directors | No. of Audit Committee Meeting Attendance |
|-----------------------|---|
| Sri S.N. Kabra | 4 |
| Sri R.P.Agarwal | 3 |
| Sri Gagan Goyal | 4 |

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. The Company Secretary acts as the secretary of the Committee.

3. REMUNERATION COMMITTEE :

A Committee of Directors comprising of Mrs. Sunita Dalmia, Mr. S.N.Kbra and Mr. R.P.Agarwal has been formed as Compensation / Remuneration Committee for the purpose of recommending of the Executive Director, Senior Executives' remuneration / revision / merit increment and related matters. No sitting fees are payable for the meeting of this Committee. Smt. Sunita Dalmia acts as Chairman of the Committee

The purpose of the Remuneration committee of the company shall be to discharge the Board's responsibilities relating to remuneration of the Company's Executive Directors. The committee has overall responsibility for approving and evaluating and recommending plan, policies and programs relating to remuneration of Executive Directors of the Company.

4. MANAGERIAL REMUNERATION :

The remuneration of Chairman was fixed in the AGM held on 29.09.2013 and the remuneration of Executive Director was fixed in the AGM held on 24.09.2011.

(a) REMUNERATION TO DIRECTORS:

Following remuneration was paid to Directors during the Financial Year 2013-14 :

| | | |
|--------------------------|---|------------------------|
| Mr. Y.K.Dalmia, Chairman | - | ₹ 10,75,000 (9,00,000) |
| Mr. Gagan Goyal | - | ₹ 5,60,000 (5,12,000) |

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. Sri A.N.Khatua, Company Secretary Serves as the Secretary of the Committee. The Committee to look into redressing of shareholders and investors grievances like transfer of shares, non receipt of Balance sheet, etc.

SURAJ PRODUCTS LIMITED

During the financial year 2013-14 the Committee held three meetings 31.07.2013, 07.10.2013 and 08.02.2014.

The committee received 31 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.

7. 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.

8. CEO/ CFO CERTIFICATION :

A certificate from The Chairman on the Financial Statements of the Company was placed before the Board at its meeting held on 31.05.2014.

9. 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.

10. GENERAL BODY MEETING:

a) ANNUAL GENERAL MEETING

| Date | Venue | Time | No. of Special Resolution |
|-----------------|---|------------|---------------------------|
| 30th Sept. 2010 | Registered Office of the company at Barpali | 11.30 A.M. | — |
| 24th Sept. 2011 | Registered Office of the company at Barpali | 11.30 A.M. | — |
| 29th Sept. 2012 | Registered Office of the Company at Barpali | 11.30 A.M. | — |
| 27th Sept. 2013 | Registered Office of the Company at Barpali | 11.30 A.M. | 3 |

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

11. 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: There were no instances of non-compliances and no penalties/ strictures have been imposed/ passed by Stock Exchange, SEBI or any other statutory authority during last three years on any matter related to the capital markets.
- 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.
- d) During the financial year 2013-14, there is no audit qualification in the Company's financial statements.

12. MEANS OF COMMUNICATION :

- a) The quarterly, half yearly and full year results are 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 and are published in News papers.
- b) The financial results are displayed on the Company's Website viz: www.surajproducts.com
- c) The Management Discussion and Analysis Report is attached with Director's Report in this 23rd Annual Report of the Company posted to the Share holders.

13. GENERAL INFORMATION FOR SHARE HOLDERS:

23rd Annual General Meeting:

Day : Saturday
Date : 27th September, 2014
Time : 11:30 Hrs
Venue : Regd. Office: Vill: Barpali
P. O.: Kesramal (Rajgangpur)
Dist. : Sundergarh, Odisha.

SURAJ PRODUCTS LIMITED

- a) **Financial Calendar** (Tentative) :
- Quarterly Results : Last week of succeeding month
 Annual Accounts 2014-15 : May, 2015
- b) **Date of Book Closure** : The Company's Register of Members and Share Transfer Books Will remain closed from 24th September to 27th September, 2014.
- c) **Listing at Stock Exchange** : (i) Bombay Stock Exchange.
 (ii) The Calcutta Stock Exchange Limited.
- d) **Stock Code** : **518075 at BSE and 13054 at CSE.**
- e) **Dematerialization of shares and liquidity:**
 The shares of the Company are dematerialized with Central Depository Services (India) Ltd and National Securities Depository Limited. The addresses of the Depositories are as under:
- (1) **National Securities Depository Limited (ISIN – INE069E01019)**
 Trade world, 4th Floor,
 Kamala Mills Compound
 Senapati Bapat Marg,
 Lower parel, Mumbai – 400013
- (2) **Central Depository Services(India) Limited (ISIN – INE069E01019)**
 Phiroze Jeejeebhoy Towers,
 28th Floor, Dalal Street,
 Mumbai – 400023

No. of Shares held in dematerialized and physical mode as on 31st March, 2014 is as under:

| Particulars | No. of Shares | % of total capital issue |
|-------------------------------------|--------------------|--------------------------|
| Held in dematerialized form in CDSL | 67,98,400 | 59.64 |
| Held in dematerialized form in NSDL | 23,53,900 | 20.65 |
| Physical | 22,47,700 | 19.71 |
| TOTAL | 1,14,00,000 | 100.00 |

- f) **Public Deposit** :
 The Company has not accepted any deposit during the year under review.
- g) **Registrar & Share Transfer Agent:**
 M/s MCS Share Transfer Agent Limited,
 12/1/5, Manoharpukur Road,
 Ground Floor, Kolkata – 700026
 Telephone: 033-40724052
 E-mail: mcssta@rediffmail.com
 Contact Person: Mr. Alok Mukherjee/ Mr. Partho Mukherjee
- h) **CIN Number** :
 The Corporate identity Number ("CIN") of the company, as allotted by Ministry of Company Affairs is **L26942OR1991PLC002865**.
- 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 15 days.

14. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2014:

- a. **Details of shareholding as on 31st March, 2014.**

| CATEGORY | No. of Shares | % of Share Holding |
|--------------------------|---------------|--------------------|
| Promoters Group | 68,01,800 | 59.66 |
| Private Corporate Bodies | 24,03,112 | 21.08 |
| Indian Public | 21,95,088 | 19.26 |
| Total | 1,14,000,00 | 100.00 |

SURAJ PRODUCTS LIMITED**b. Distribution of shareholding as on 31st March, 2014.**

| CATEGORY No. of Shares | No. of Shares | No. of Share holder | % of Share holding | % of Share holders |
|-----------------------------|--------------------|------------------------|-----------------------|-----------------------|
| 1 - 500 | 12,95,744 | 8231 | 11.3662 | 93.6938 |
| 501 - 1000 | 2,90,648 | 324 | 2.5495 | 3.6881 |
| 1001 - 5000 | 3,91,501 | 189 | 3.4342 | 2.1514 |
| 5001 - 10000 | 1,58,300 | 19 | 1.3886 | 0.2163 |
| 10001 - 50000 | 2,36,300 | 10 | 2.0728 | 0.1138 |
| 50001 - 100000 and Above | 2,35,707 | 4 | 2.0676 | 0.0455 |
| | 87,91,800 | 8 | 77.1211 | 0.0911 |
| Total | 1,14,00,000 | 8785 | 100% | 100% |

c. Shareholding pattern as March 31, 2014

| Category | No of shareholders | Total Share | % of Equity |
|---------------------------|--------------------|-------------------|--------------|
| Promoter & Promoter Group | 8 | 68,01,800 | 59.66 |
| Resident Individuals | 8716 | 21,95,088 | 19.26 |
| Body Corporate | 61 | 24,03,112 | 21.08 |
| Total | 8785 | 114,00,000 | 100% |

15. 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.

16. SECRETARIAL AUDIT:

As stipulated by Securities 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 in every half year and year ending and the report thereon is submitted to Stock Exchanges and is also placed before the Board of Directors.

17. CORPORATE ETHICS:

The Company adheres to high standards of business ethics, compliance with various statutory and legal requirements and commitment to transparency in business dealing.

The Executive Director of the Company is appointed as Compliance Officer and is responsible for adherence to the code.

18. COMPLIANCE CERTIFICATE OF AUDITORS:

The Company has obtained a certificate from the Statutory Auditors confirming the compliance with the conditions of Corporate Governance.

19. PLANT - LOCATION:

Village - Barpali, Post - Kesramal (Rajgangpur)
Dist - Sundargarh, Odisha, PIN - 770 017

20. ADDRESS FOR CORRESPONDENCE:

Mr. Gagan Goyal
SURAJ PRODUCTS LIMITED
Village - Barpali, Post - Kesramal (Rajgangpur)
Dist - Sundargarh, Odisha. PIN - 770 017
EPBX No : 9437049074
E-mail: investors@surajproducts.com, info@surajproducts.com, suproduct@gmail.com
Web Site: www.surajproducts.com

SURAJ PRODUCTS LIMITED

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
SURAJ PRODUCTS LIMITED

We have reviewed the implementation of Corporate Governance procedures by M/s. Suraj Products Limited during the year ended 31st March, 2014 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, 2014. 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, 2014

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

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, 2014.

Place: Barpali
Date: 09.08.2014

For Suraj Products Limited
Y. K. Dalmia
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Board takes pleasure in presenting your Company's 23rd Annual report for the year 2013-14 along with the compliance report on Corporate Governance.

INDUSTRY STRUCTURE & DEVELOPMENT:

Sponge iron is an intermediate product as source of metalics for electric steel making. Other sources of metalics are either steel scrap or pig iron from Blast furnace.

The Sponge iron industry in India is divided into two types, those who are integrated with steel making and those in merchant sector. Suraj Products Limited belongs to the merchant sector.

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

SURAJ PRODUCTS LIMITED

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 | : | ₹ | 97,45,23,515 |
| Profit before Taxation | : | ₹ | 17,156,004 |
| Profit after Taxation | : | ₹ | 11,468,591 |

OPPORTUNITIES, THREATS & FUTURE OUTLOOK:

a) Opportunities:

Growth in the steel demand has strong correlation with growth in GDP of Nation. The Indian economy was expected to grow at a growth rate of 7 % of GDP but unfortunately the same could not happen. As a result the steel demand is unlikely to grow at expected pace. The demand for sponge Iron in medium term shall be at healthy level due to closure of many sponge iron plants for want of iron ore. 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.

b) Threats:

The cost of iron ore and coal constitute more than 80% of cost of production. Therefore the profitability of the Company depends on market price of these raw materials. The only way to reduce the cost of iron ore and coal is to have captive mines for these raw materials, which the company does not have. The emergence of large players may pose threat due to their economies of scale.

RISK AND CONCERN:

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

SEGMENT- WISE/ PRODUCT- WISE PERFORMANCE:

During the year, the Company produced 28,703 MT of sponge iron compared to 24,712 MT in the previous year. The production of pig iron for the year was 11,664 MT as compared to last year's production of 9,334 MT.

Sales of sponge iron during the year totaled to 29,566 MT in compared to 24,204 MT in the previous year. Pig iron sales during the year totaled to 11,668 MT in comparison to last year's sale of 9,269 MT. Due to higher price of coke, the production of pig iron was adversely affected. Company is continuously focusing on the quality consistency and better marketing strategies.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:

The company has adequate and effective internal control system commensurate with its size and nature of business to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, applicable statutes, the Suraj Products Limited code of conduct and Corporate policies are duly complied with.. 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.

SAFETY MEASURES:

Suraj Products Limited has taken the following initiatives during the year in order to safeguard the health of the workers;

Unsafe conditions in the plant are regularly inspected by the safety committee and deficiencies are attended immediately.

SAFETY TRAINING:

Training of various Safety Standards are imparted to all employees.

HEALTH CHECK- UP:

About 50 medical camps with qualified and experience medical practitioners were conducted in nearby villages and about 2500 patients availed the service.

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.

SURAJ PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT

**To The Members of
SURAJ PRODUCTS LIMITED.**

1. Reports on the financial statements

We have audited the attached Balance Sheet of "SURAJ PRODUCTS LIMITED" (the "Company") as at 31st March, 2014, and the related Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Management responsibility for the financial statements.

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 Accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General circular 15/2013 dated 13th September, 2013 issued by Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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.

3. Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards on auditing issued by ICAI. Those standards require that we comply with the ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The procedures selected depend on the auditor's 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 auditor considers 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 circumstance but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

An audit involves performing procedures to obtain audits, evidence about the amounts and disclosures in the financial statements. An audit also includes assessing the appropriateness of policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

An audit also includes evaluating the appropriateness of accounting policies used.

4. We believe that audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion excepting as stated below.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014
- b) in the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003("The Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.

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 purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013

On the basis of written representations received from the directors, as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub – section (1) of Section 274 of the Act;

For **RUSTAGI & Co.**
Chartered Accountants
Firm Registration No. 301094E
ASHISH RUSTAGI
(Partner)
Membership No. : 062982

Place : Barpali
Dated : the 31st day of May, 2014

SURAJ PRODUCTS LIMITED

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) In our opinion and according to information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- 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.
 - e) 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 ₹ 11,86,61,719/- and the year-end balance of loan taken was ₹ 4,47,93,837/- respectively.
 - f) 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.
 - g) 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 are 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.
- 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 section 301 of the Companies Act, 1956, 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 on by the management is commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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.
 - 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, 2014 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 Sales Taxes, entry 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, Entry Tax which has not yet been deposited on account of dispute are as follows :

SURAJ PRODUCTS LIMITED

| Name of Statute | Nature of Dues | Amount in ₹ (Lacs) | Period to which the amount relates to | Forum where the dispute is pending |
|----------------------------------|---|--------------------|--|--|
| The Orissa Sales Tax Act 1947 | Dispute regarding ITC | 3.68 | 2005-2006 to 2007-2008 | Additional Commissioner Sales Tax (Appeals) North Zone, Sambalpur |
| The Orissa Entry Tax Rules, 1999 | Entry Tax on Inter-State Purchases | 9.7 | 2002-2003 to 2003-2004 | Dy. Commissioner (Appeals) Sundargarh Range, Rourkela |
| The Orissa Entry Tax Rules, 1999 | Entry Tax on Inter-State Purchases | 0.87 | 2005-2006 to 2003-2004 | Addl. Commissioner of Sales Tax (Appeals), North Zone, Sambalpur. |
| Central Sales Tax, 1956 | Non- submission of C-Form Declaration | 3.12 | 2004-2005 | Dy. Commissioner Sales Tax (Appeals), North Zone, Sambalpur |
| Central Sales Tax, 1956 | Absence of documentation of Pre-Existing contract in relation with Form-H Sales | 12.72 | 2004-2005 | Deputy Commissioner of Sales Tax (Appeals), Sundargarh, Range, Rourkela |
| Central Sales Tax, 1956 | Non- submission of C-Form & H-Form Declaration | 9.52 | 2011-12 | Addl. Commissioner of Sales Tax, (Appeals) North Zone, Sambalpur |
| Central Sales Tax, 1956 | Non- submission of H-Form Declaration | 28.57 | 2006-2008 to 2007-2008 | Addl. Commissioner of Sales Tax, (Appeals) North Zone, Sambalpur |
| Central Excise Rules 2004 | Cenvat Credit on Cement | 4.86 | 2010-2011 to 2011-2012 (Up to December 2011) | Commissioner of Appeals, Central Excise Customs & Service Tax, Bhubaneswar |

- 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 on an overall basis the term loan has been applied for the purpose for which they were obtained.
- 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 made preferential allotment of 35,00,000 Equity Shares at the rate of ₹ 20/- per share (face value of ₹ 10/- per share with a premium of ₹ 10/- per share) aggregating to ₹ 7,00,00,000/- to companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the said issue was in accordance with SEBI guidelines for preferential allotment of shares in terms of size and price.
- 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.

For **RUSTAGI & Co.**
Chartered Accountants
Firm Registration No. 301094E
ASHISH RUSTAGI
(Partner)
Membership No. : 062982

Place: Barpali
Dated : the 31st day of May 2014

SURAJ PRODUCTS LIMITED**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2014**

| Particulars | Note No. | For Year ended | For Year ended |
|---|----------|--------------------|--------------------|
| | | 31.03.2014 | 31.03.2013 |
| | | (₹) | (₹) |
| Revenue | | | |
| I Revenue From Operations (Gross) | 16 | 974,523,515 | 830,137,032 |
| Less : Excise Duty | | 97,930,103 | 85,125,885 |
| Revenue From Operations (Net) | | 876,593,412 | 745,011,147 |
| II Other Income | 17 | 4,286,925 | 2,171,305 |
| III Total Revenue (I+II) | | 880,880,337 | 747,182,452 |
| IV Expenses | | | |
| Cost of Materials Consumed | 18 | 678,757,963 | 596,560,633 |
| Change in Inventories of Finished Goods | 19 | 26,670,515 | (24,161,422) |
| Manufacturing & Operating Costs | 20 | 65,558,410 | 62,885,601 |
| Employee Benefits Expense | 21 | 17,267,153 | 14,308,388 |
| Finance Costs | 22 | 37,593,189 | 41,313,805 |
| Depreciation and Amortisation Expense | | 26,382,635 | 30,571,578 |
| Other Expenses | 23 | 11,494,468 | 12,821,886 |
| Total Expenses | | 863,724,333 | 734,300,469 |
| V Profit Before Tax | | 17,156,004 | 12,881,983 |
| VI Less: Tax Expenses | | | |
| (a) Current Tax | | 7,450,000 | 7,200,000 |
| (b) Tax relating to prior years | | 23,100 | 698,409 |
| (c) Deferred Tax | | (1,785,687) | (2,888,525) |
| VII Profit for the year | | 11,468,591 | 7,872,099 |
| VIII Earnings per share (of ₹ 10/- each) | | | |
| (a) Basic | | 1.34 | 1.33 |
| (b) Diluted | | 1.34 | 1.33 |

NOTES ON ACCOUNTS

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Notes 16 to 31 form an integral part of the Profit & Loss Account

As per our report attached of even date

For RUSTAGI & CO.

Chartered Accountants

Firm Registration No. 301094E

Ashish Rustagi

Partner

Membership No.062982

Place : Barpali

Dated: the 31st day of May, 2014

For and on behalf of Board of Directors

Y. K. Dalmia

Chairman

S N Kabra

Director

S Dalmia

Director

A.N. Khatua

Company Secretary

Gagan Goyal

Executive Director

SURAJ PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

| | For the Year Ended 2014 (₹) | For the Year Ended 2013 (₹) |
|--|-----------------------------------|-----------------------------------|
| A Cash Flow from Operating Activities | | |
| Net Profit before Tax and extra ordinary items | 17,156,004 | 12,881,983 |
| Add/(Deduct) | | |
| Depreciation and amortisation | 26,382,635 | 30,571,578 |
| Profit on sale of Fixed Assets | (168,000) | - |
| Financial charges | 37,593,189 | 41,313,805 |
| | <u>63,807,824</u> | <u>71,885,383</u> |
| Operating Cash Profit before Working Capital Add/Deduct | 80,963,828 | 84,767,366 |
| Increase in Trade Payable | (16,288,932) | (7,415,995) |
| (Increase)/Decrease in Trade & Other receivable | (16,802,589) | (10,439,529) |
| Increase in Inventories | 29,443,296 | (119,872,443) |
| Increase in Other Current Liabilities | (3,210,697) | (8,572,925) |
| Increase/Decrease in Advances | 35,023,722 | 23,816,744 |
| | <u>28,164,800</u> | <u>(122,484,148)</u> |
| Cash flow from Operation | 109,128,628 | (37,716,782) |
| Direct Tax Paid | <u>(9,412,467)</u> | <u>(5,639,343)</u> |
| Net Cash Inflow/(Outflow) from Operating Activities | <u>99,716,161</u> | <u>(43,356,124)</u> |
| B Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (64,463,506) | (8,428,596) |
| Sale of fixed Asset | 288,000 | - |
| | <u>(64,175,506)</u> | <u>-</u> |
| Net Cash Outflow from Investing Activities | <u>(64,175,506)</u> | <u>(8,428,596)</u> |
| C Cash Flow from Financing Activities | | |
| (Repayment)/Proceeds from | | |
| Long -Term Borrowing(Net) | (3,918,531) | 95,910,793 |
| Proceeds from Short -Term Borrowing | 3,809,875 | 4,585,794 |
| Dividend Paid | (2,457,282) | (4,479,191) |
| Corporate Dividend Tax | (501,353) | (861,415) |
| Share Issue expenses | (300,000) | |
| Financial charges paid | (37,593,189) | (41,313,805) |
| | <u>(40,960,480)</u> | <u>53,842,176</u> |
| Net Cash Flow from Financing Activities | <u>(40,960,480)</u> | <u>53,842,176</u> |
| Net Cash Flow during the Year(A+B+C) | <u>(5,419,825)</u> | <u>2,057,454</u> |
| Cash and Cash Equivalent (Opening Balance) | 20,451,995 | 18,394,541 |
| Cash and Cash Equivalent (Closing Balance) | 15,032,170 | 20,451,995 |
| | <u>(5,419,825)</u> | <u>2,057,454</u> |
| Reconciliation of Cash & Cash equivalents with the Balance Sheet | | |
| Cash & Cash equivalents as per the Balance Sheet Note 14 | 15,032,170 | 20,451,995 |
| Less. Bank Balance not considered as cash and cash equivalent as definition in AS 3 | | |
| - Deposit under lien | 9,329,269 | 16,872,379 |
| - Unpaid Dividend Account | 2,667,550 | 2,174,832 |
| | <u>11,996,829</u> | <u>19,047,211</u> |
| Net cash & cash equivalent(as defined in AS - 3) | <u>3,035,351</u> | <u>1,404,784</u> |

As per our report of even date

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

Chartered Accountants
Firm Registration No. 301094E
Ashish Rustagi
Partner
Membership No.062982
Place : Barpali
Dated: the 31st day of May, 2014

For and on behalf of Board of Directors

Y. K. Dalmia
Chairman

S N Kabra
Director

S Dalmia
Director

A.N. Khatua
Company Secretary

Gagan Goyal
Executive Director

SURAJ PRODUCTS LIMITED

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, 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.

B. 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 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.

C. Recognition of Income & Expenditure:

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Expenses are accounted for on accrual basis and provision is made for all expenses.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

D. Fixed Assets & Depreciation:

Fixed Assets are stated at cost net of recoverable taxes and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production are capitalized.

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.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production are capitalized.

E. Investments:

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

F. 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.

G. 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

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

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.

H. Accounting For 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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. 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.

I. Borrowing Cost:

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets.

J. Impairment of Assets:

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

K. 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.

L. 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

M. 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.

N. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

| | <u>As at 31st March-14</u> (₹) | <u>As at 31st March-13</u> (₹) | | |
|--|---------------------------------------|---------------------------------------|-------------------------|-------------------------|
| 1. Share Capital | | | | |
| Authorised : | | | | |
| 120,00,000 Equity shares of ₹ 10 each | 120,000,000 | 60,000,000 | | |
| Issued, Subscribed & Fully Paid up Capital | | | | |
| 114,00,000 Equity shares of ₹ 10 each | 114,000,000 | 59,000,000 | | |
| Total | <u>114,000,000</u> | <u>59,000,000</u> | | |
| (a) Reconciliation of Number of Shares | | | | |
| Shares outstanding as at 1st April 2013/1st April 2012 | 5,900,000 | 5,900,000 | | |
| Add. Number of shares issued during the year | 5,500,000 | - | | |
| Shares outstanding as at 31st March 2014/31st March 2013 | <u>11,400,000</u> | <u>5,900,000</u> | | |
| (b) List of shareholders holding more than 5% of the total number of shares issued by the Company : | | | | |
| | No of shares | % of holding | No of shares | % of holding |
| Name of the share holders | | | | |
| NIP Power Private Limited | 2,827,000 | 22.49 | 1,327,000 | 22.49 |
| Molisati Vinimay Private Limited | 2,000,000 | 17.54 | - | - |
| Tirupati Vinicom Private Limited | 2,000,000 | 17.54 | - | - |
| Yogesh Kumar Dalmia | 981,500 | 8.61 | 981,500 | 16.63 |
| The company has issued one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. | | | | |
| During the year ended March, 2014 the company on preferential basis, issued and allotted 55,00,000 equity shares of ₹ 10 each at a price of ₹ 20/ equity shares (Including premium of Rs. 10/equity shares) to promoter & Non promoter group companies. | | | | |
| 2. Reserve & Surplus | | | | |
| (a) Revaluation Reserve on Land | | | | |
| As per last account | 1,952,880 | | 1,952,880 | |
| | 1,952,880 | | 1,952,880 | |
| (b) Securities Premium | | | | |
| Opening balance in Securities Premium | - | | - | |
| Add. Premium on shares issued during the year | 55,000,000 | | - | |
| Less. Expenses on Issue of shares | 300,000 | | - | |
| Closing Security Premium | <u>54,700,000</u> | | <u>-</u> | |
| (c) Surplus in Statement of Profit and Loss | | | | |
| Opening balance | 100,759,686 | | 96,316,151 | |
| Add: Profit for the year | 11,468,591 | | 7,872,099 | |
| | <u>112,228,277</u> | | <u>104,188,250</u> | |
| Less : Appropriations | | | | |
| Proposed Dividend # | 5,131,233 | | 2,950,000 | |
| Tax on Proposed Dividend | 872,053 | | 478,564 | |
| Dividend Distribution Tax relating to prior years | 22,789 | | - | |
| Closing Balance | <u>106,202,202</u> | | <u>100,759,686</u> | |
| Total (a + b + c) | <u>162,855,082</u> | | <u>102,712,566</u> | |

Dividend proposed to be distributed to Equity Shareholders is ₹ 0.60 (P.Y. ₹ 0.50) per equity share on prorata basis.

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

| | <u>As at 31st March-14</u> (₹) | <u>As at 31st March-13</u> (₹) |
|--------------------------------|---------------------------------------|---------------------------------------|
| 3. Long Term Borrowings | | |
| Secured Loan | | |
| Term Loans From Bank | | |
| i) From Canara Bank | 16,596,389 | 14,451,936 |
| Vehicle Loan from HDFC Bank | 1,792,390 | - |
| | 18,388,779 | 14,451,936 |
| Unsecured | | |
| From Related Parties | 44,793,837 | 113,160,738 |
| From Bodies Corporate | 83,359,301 | 129,243,913 |
| | 128,153,138 | 242,404,651 |
| Total | 146,541,917 | 256,856,587 |

Nature of Security and terms of repayment for Long term secured borrowings

Nature of Security

Terms of Repayment

- | | |
|---|--|
| <p>a) Term loan amounting to ₹ 36,51,936 (P.Y. ₹ 1,44,51,936) is secured by exclusive charge on the entire assets of Cold Briquette Plant, Pig iron Plant, Plant & machinery, pollution control equipment and improvements in sponge iron plant and further secured by personal guarantee of two directors and Fixed Deposit Receipts of ₹ 54 lacs.</p> | <p>Repayable in 50 monthly installments commencing from July, 2011, Last installment due in August, 2015, Rate of interest 13.95 % p.a. as at year end (P.Y. 14.00%)</p> |
| <p>b) Term loan amounting to ₹ 1,29,44,453 (P.Y. Nil) is secured by EMT of Land and Boundry wall built out of the term loan and collaterally secured against all fixed assets of the company and further secured by personal guarantee of two directors and Fixed deposit Receipts of ₹ 54 lacs.</p> | <p>Repayable in 20 quarterly instalment commencing from September, 2013, Last installment due in September, 2018, Rate of interest 13.95 % p.a. (P.Y. Nil)</p> |
| <p>c) Vehicle loan from HDFC is secured by hypothecation of respective vehicle financed.</p> | <p>Repayable in 35 monthly instalment commencing from April, 2014, Last installment due in February, 2016.</p> |

Installments falling due in respect of all the loans upto 31.03.2015 have been grouped under "Short Term Borrowings"

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

| | As at 31st March-14 | As at 31st March-13 |
|--|--------------------------------|--------------------------------|
| | (₹) | (₹) |
| 4. <u>Deferred Tax Liabilities</u> | | |
| Deferred Tax Liabilities | | |
| Depreciation on Fixed Assets | 11,908,298 | 13,693,985 |
| Net Deferred Tax Liabilities | 11,908,298 | 13,693,985 |
| 5. <u>Short Term Borrowings</u> | | |
| Working Capital Loan | 172,740,444 | 168,930,569 |
| | 172,740,444 | 168,930,569 |
| <i>Working capital loan is secured by hypothecation of present and future stock of raw material, stock-in-process, finished goods, stores, spares and bookdebts.</i> | | |
| 6. <u>Trade Payables</u> | | |
| Trade Payables | 22,543,145 | 38,837,182 |
| | 22,543,145 | 38,837,182 |
| 7. <u>Other Current Liabilities</u> | | |
| Current Maturities of Long Term Debts | 17,466,660 | 21,341,544 |
| Current Maturities of Vehicle loan (Refer Note 3c) | 935,160 | 664,137 |
| Unpaid Dividend # | 2,667,550 | 2,174,832 |
| Statutory Liabilities | 4,114,159 | 5,842,210 |
| Advances From Customers | 7,218,958 | 8,701,604 |
| | 32,402,487 | 38,724,327 |
| # There are no amount due for payment to the Investors Education and Protection Fund u/s 205C of the Companies Act 1956 at the year end | | |
| 8. <u>Short Term Provisions</u> | | |
| Provision For Taxation (Net of Advance Tax P.Y. ₹ 56,46,076/-) | - | 1,597,917 |
| Provision For Employee Benefits | 196,891 | 191,786 |
| Provision For Proposed Dividend | 5,131,233 | 2,950,000 |
| Tax on Proposed Dividend | 872,053 | 478,564 |
| | 6,200,177 | 5,218,267 |

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

9. Fixed Assets

| | Gross Block | | | | Depreciation | | | | Net Block | |
|------------------------------|---------------------|-------------------|----------------|---------------------|--------------------|-------------------|-----------------|-------------------------|---------------------|---------------------|
| | As at 31.03.2013 | Additions | Sales | As at 31.03.2014 | Upto 31.03.2013 | For the Year | Adjust- ment | Total upto 31.3.2014 | As at 31.03.2014 | As at 31.03.2013 |
| Tangible Assets (A) | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Land (Leasehold) * | - | 52,302,407 | - | 52,302,407 | - | - | - | - | 52,302,407 | - |
| Land (Freehold) | 5,805,530 | - | 120,000 | 5,685,530 | - | - | - | - | 5,685,530 | 5,805,530 |
| Factory Building | 73,651,394 | 963,356 | - | 74,614,750 | 34,444,470 | 3,823,443 | - | 38,267,913 | 36,346,837 | 39,206,924 |
| Plant & Machinery | 124,888,296 | - | - | 124,888,296 | 77,350,149 | 7,282,337 | - | 84,632,486 | 40,255,810 | 47,538,147 |
| Pollution Control Equipment | 62,599,042 | 5,247,173 | - | 67,846,215 | 35,262,989 | 4,508,223 | - | 39,771,212 | 28,075,003 | 27,336,053 |
| Electric Installation | 48,954,735 | 1,864,327 | - | 50,819,062 | 27,844,646 | 3,387,759 | - | 31,232,405 | 19,586,657 | 21,110,089 |
| Motor Vehicles | 19,668,134 | 2,896,925 | - | 22,565,059 | 16,172,030 | 955,079 | - | 17,127,109 | 5,437,950 | 3,496,104 |
| Furniture & Fixture | 3,280,612 | 600,373 | - | 3,880,985 | 2,453,029 | 202,585 | - | 2,655,614 | 1,225,371 | 827,583 |
| Others | 72,835,251 | 588,945 | - | 73,424,196 | 36,584,136 | 5,271,890 | - | 41,856,026 | 31,568,170 | 36,251,115 |
| Refractories | 6,600,738 | - | - | 6,600,738 | 5,218,870 | 690,935 | - | 5,909,805 | 690,933 | 1,381,868 |
| Total | 418,283,732 | 64,463,506 | 120,000 | 482,627,238 | 235,330,319 | 26,122,251 | - | 261,452,570 | 221,174,668 | 182,953,413 |
| Intangible Assets (B) | | | | | | | | | | |
| Technical knowhow | 1,301,922 | - | | 1,301,922 | 520,768 | 260,384 | | 781,152 | 520,770 | 781,154 |
| Total (A+B) | 419,585,654 | 64,463,506 | 120,000 | 483,929,160 | 235,851,087 | 26,382,635 | - | 262,233,722 | 221,695,438 | 183,734,567 |
| Previous Year | 411,587,058 | 7,998,596 | - | 419,585,654 | 205,279,509 | 30,571,578 | | 235,851,087 | 183,734,567 | |

* Leasehold Land acquired by IDCO during the year is pending for registration in the name of the company.

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

| | As at 31st March-14 (₹) | As at 31st March-13 (₹) |
|---|-------------------------------|-------------------------------|
| 10. Non-Current Investments | | |
| <u>Non Trade</u> | | |
| Investments in Mutual Funds | | |
| 25000 units of HDFC Long Term Equity Growth Fund | 250,000 | 250,000 |
| NAV as on 31.03.14 ₹ 4,48,400 (₹ 4,02,200 on 31.03.13) | | |
| | 250,000 | 250,000 |
| 11. Long Term Loans & Advances | | |
| (Unsecured, considered good) | | |
| <u>Capital Advances</u> | - | 5,334,548 |
| Advance Income Tax (Net of Provision For Tax ₹ 75,50,000/- P.Y ₹ 72,00,000/-) | 358,803 | 43,993 |
| Deposits with Other | 2,213,424 | 2,423,059 |
| | 2,572,227 | 7,801,600 |
| 12. Inventories | | |
| Raw Materials | 269,260,999 | 273,981,645 |
| Finished Goods | 29,972,189 | 56,642,704 |
| Store & Spares | 19,783,053 | 17,835,189 |
| | 319,016,241 | 348,459,537 |
| 13. Trade Receivables | | |
| Unsecured, Considered Good* | 51,367,131 | 34,564,542 |
| | 51,367,131 | 34,564,542 |
| *Includes an amount of ₹ 59,04,795 (P.Y. ₹ 21,25,283) outstanding for a period exceeding six months from the date they are due for payment. | | |
| 14. Cash & Cash Equivalents | | |
| Cash on Hand | 1,912,390 | 476,671 |
| Balance with Banks | | |
| Current Accounts | 1,122,961 | 928,113 |
| Unpaid Dividend Account | 2,667,550 | 2,174,832 |
| Other Bank Balances | | |
| Fixed Deposits | 7,114,269 | 12,624,379 |
| Balances with Bank to the extent of margin money | 2,215,000 | 4,248,000 |
| | 15,032,170 | 20,451,995 |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is : | 3,035,351 | 1,404,784 |
| 15. Short Term Loans and Advances | | |
| (Unsecured , Considered Good) | | |
| Balance with Revenue Authorities | 16,743,016 | 21,623,266 |
| Advances to suppliers | 33,862,755 | 60,131,546 |
| Other Advances Recoverable in cash or in kind or for value to be received | 2,943,701 | 2,508,783 |
| Deposit Others | 5,708,871 | 4,447,646 |
| | 59,258,343 | 88,711,242 |

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

| | <u>As at 31st March-14</u> (₹) | <u>As at 31st March-13</u> (₹) |
|--|---------------------------------------|---------------------------------------|
| 16. Revenue From Operations | | |
| Manufactured Goods | | |
| Sponge Iron | 581,792,544 | 515,001,330 |
| Pig Iron | 302,428,570 | 252,958,688 |
| Others | 90,302,401 | 62,177,014 |
| | 974,523,515 | 830,137,032 |
| 17. Other Income | | |
| Interest Received | 1,282,309 | 1,709,371 |
| Exchange Fluctuation Gain | 6,917 | 9,061 |
| Miscellaneous Income | 2,997,699 | 452,873 |
| | 4,286,925 | 2,171,305 |
| 18. Cost of Materials Consumed | | |
| <u>Materials Consumed Comprises of:</u> | | |
| Iron ore | 245,796,258 | 278,045,546 |
| Coal | 124,340,038 | 107,958,553 |
| Coke | 246,248,572 | 200,630,752 |
| Others | 62,373,095 | 9,925,782 |
| | 678,757,963 | 596,560,633 |
| Entire Raw Material consumed is Indigenous | | |
| 19. Change in Inventories of Finished Goods | | |
| Opening Stock | 56,642,704 | 32,481,282 |
| Closing Stock | 29,972,189 | 56,642,704 |
| | 26,670,515 | (24,161,422) |
| 20. Manufacturing & Operating Costs | | |
| Consumption of stores, spares & consumables | 20,109,508 | 19,650,759 |
| Power & Fuel | 39,803,376 | 35,839,514 |
| Repairs to Plant & Machinery | 2,533,263 | 3,864,014 |
| Repairs to Others | 955,838 | 1,886,872 |
| Insurance Charges | 1,041,569 | 1,052,232 |
| Others Manufacturing & Operating Expenses | 1,114,856 | 592,210 |
| | 65,558,410 | 62,885,601 |
| Entire Stores & spares consumed is Indigenous | | |
| 21. Employee Benefits expense | | |
| Salaries, Wages & Bonus | 15,238,216 | 12,184,006 |
| Contribution to E.S.I | 459,548 | 379,611 |
| Contribution to P.F | 823,567 | 687,519 |
| Contribution to Gratuity Fund | 439,470 | 787,933 |
| Staff Welfare Expenses | 306,352 | 269,319 |
| | 17,267,153 | 14,308,388 |
| 22. Finance Cost | | |
| Interest -Term Loan | 5,877,857 | 7,201,344 |
| Interest - Working Capital Loan | 17,278,101 | 19,285,079 |
| Interest - Others | 13,584,731 | 13,869,432 |
| Other Borrowing Costs | 852,500 | 957,950 |
| | 37,593,189 | 41,313,805 |

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

| | As at 31st March-14 | As at 31st March-13 |
|-----------------------------------|------------------------|------------------------|
| | (₹) | (₹) |
| 23. Other Expenses | | |
| Rates & Taxes | 3,099,041 | 2,145,152 |
| Rent | 533,870 | 516,170 |
| Auditor's Remuneration | | |
| - Statutory Audit | 75,000 | 75,000 |
| - Taxation Matters | 25,000 | 25,000 |
| Excise Duty on Stock Differential | (1,614,549) | 1,130,087 |
| Periphery Development | 331,815 | 483,845 |
| Security Service Charges | 2,604,648 | 1,654,213 |
| Carraige Outward | 1,604,850 | 2,303,364 |
| Other Expenses | 4,834,793 | 4,489,055 |
| | 11,494,468 | 12,821,886 |

24. Excise Duty

Excise Duty on sales for the year has been disclosed as reduction from the turnover. Excise Duty relating to the difference between the closing stock and opening stock has been included in Note 25 " Others Expenses".

25. Related party disclosures As identified by the management and relied upon by the Auditors

| | | | | |
|---|--|---|-------------------------------|--|
| (a) List of Related parties and description of relationship | | | | |
| | (i) Parties with Significant influence : | NIP Power Private Ltd Balbhadra Infratech Private Ltd. Molisati Vinimay Private Ltd. | | |
| | (ii) Key Management Personnel & Relatives : | Yogesh Kumar Dalmia, Chairman Gagan Goyal, Executive Director Sunita Dalmia, Non Executive Director | | |
| (b) Transactions with related parties: | | | | Amount in ₹ |
| Nature of transactions | Parties with significant influence (Direct and Indirect) | | | Key Management Personnel and Relatives |
| | NIP Power Private Ltd. | Balbhadra Infratech Private Ltd. | Molisati Vinimay Private Ltd. | |
| Expenses | | | | |
| i) Interest | 29,60,559 (42,60,200) | 8,34,424 (4,97,516) | 7,97,350 (38,87,125) | 45,92,333 (86,44,841) |
| ii) Remuneration | | | | |
| a) Yogesh Kumar Dalmia | | | 10,75,000 (9,00,000) | 10,75,000 (9,00,000) |
| b) Gagan Goyal | | | 5,60,000 (4,00,000) | 5,60,000 (4,00,000) |
| Dividend | | | | |
| a) Yogesh Kumar Dalmia | | | 6,63,500 (7,30,260) | 6,63,500 (7,30,260) |
| b) Sunita Dalmia | | | 6,63,500 (7,30,260) | 2,36,200 (2,45,160) |
| Finance | | | | |
| i) Loans & Advances Received | 96,00,000 (5,00,00,000) | Nil (22,00,000) | 1,07,00,000 (2,53,50,000) | 2,03,00,000 (7,75,50,00) |
| ii) Loans & Advances Repaid | 4,16,50,000 (4,93,50,000) | Nil (16,00,000) | 5,11,50,000 (3,10,60,300) | 9,28,00,000 (8,20,10,300) |
| iii) Allotment of Shares | 3,00,00,000 (-) | - (-) | 4,00,00,000 (-) | 7,00,00,000 (-) |
| Outstanding | | | | |
| Loans & Advances (CR) | 2,70,10,509 (5,63,96,006) | 90,95,227 (83,44,246) | 86,88,101 (4,84,20,486) | 4,47,93,837 (11,31,60,738) |
| Figures in the bracket indicate previous year figures. | | | | |

SURAJ PRODUCTS LIMITED

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ACCOUNT

26. 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:-

| | Particulars | As at 31.03.2014 | As at 31.03.2013 |
|----|--|---------------------|---------------------|
| 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 | 55,00,000 | Nil |
| B) | Weighted Average Number of Equity Shares outstanding during the Year | 85,52,055 | 59,00,000 |
| C) | Net Profit After Tax Available for Equity Share Holders (Rs.) | 1,14,68,591 | 78,72,099 |
| D) | Basic Earning Per Share (C / B) in (₹) | 1.34 | 1.33 |

27. Expenditure in Foreign Currency

| | Current Year (₹) | Previous Year (₹) |
|-------------------------------|------------------|-------------------|
| Purchase of spares & services | 89,284 | 55,702 |
| Foreign Travelling Expenses | 7,20,957 | 28,19,992 |

28. Micro, Small and Medium Enterprises Development Act, 2006

There are no outstanding dues for Micro & Small Enterprises based on information available with the Company.

29. Contingent liabilities and Commitments

No provision is made in respect of the following: -

| | As at 31.03.2014 (₹) | As at 31.03.2013 (₹) |
|---|----------------------------|----------------------------|
| (i) Disputed Demand of Orissa Sales Tax | 3,68,720 | 35,19,406 |
| (ii) Disputed Demand of Central Sales Tax | 53,93,343 | 53,93,343 |
| (iii) Disputed Demand of Orissa Entry Tax | 10,58,151 | 10,58,151 |
| (iv) Disputed Demand of Central Excise | 4,85,968 | 23,98,867 |

30. 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.

31. The Board of Directors has reviewed the realizable value of all current assets of the company and has Confirmed that the value of such assets in ordinary course of business will not be less than the value at which these are recognized in the financial statements.

32. Previous year's figures have also been reclassified wherever necessary to confirm to current year's classification.

As per our report attached of even date

For RUSTAGI & CO.

Chartered Accountants

Firm Registration No. 301094E

Ashish Rustagi

Partner

Membership No.062982

Place : Barpali

Dated: the 31st day of May, 2014

For and on behalf of Board of Directors

Y. K. Dalmia

Chairman

S N Kabra

Director

S Dalmia

Director

A.N. Khatua

Company Secretary

Gagan Goyal

Executive Director

SURAJ PRODUCTS LIMITED**SURAJ PRODUCTS LIMITED**

Regd. Office :

Vill. : Barpali, Post : Kesramal (Rajgangpur)

Dist. : Sundergarh, Orissa - 770017

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

To,
M/s MCS Share Transfer Agent,
12/1/5, Manoharpukur Road, Ground Floor
Kolkata - 700 026

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.

If undelivered please return to :
SURAJ PRODUCTS LIMITED
59, N.S. Road, 1st Floor
Kolkata - 700 001

SG CM 98300 42594