

## REPORT ON CORPORATE GOVERNANCE

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

### 1. Company's Philosophy on Corporate Governance

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

### 2. BOARD OF DIRECTORS

#### A. The composition of the Board:

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

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

#### B. Number of Board Meetings:

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

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

### 3. AUDIT COMMITTEE

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

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

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

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

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

**4. MANAGERIAL REMUNERATION**

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

**a) REMUNERATION TO DIRECTORS**

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

Mr. Y. K. Dalmia, Chairman -- Rs. 9, 00,000.00

Mr. G. Goyal, Executive Director -- Rs. 2, 40,000.00

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

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

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

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

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

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

**6. SHARE TRANSFER COMMITTEE**

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

**7. CEO/ CFO Certification**

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

**8. Risk assessment & Minimization Procedure**

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

**9. GENERAL BODY MEETING****a). ANNUAL GENERAL MEETING**

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

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

## 10. DISCLOSURES

- a) RELATED PARTY DISCLOSURE: There are no materially significant related party transactions with its Promoters, the Directors or the Management and their Subsidiaries or relatives etc., which may have potential conflict with the interest of the Company at large.
- b) NON-COMPLIANCE PENALTIES: The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Security Exchange Board of India or any other Statutory Authority related to the capital markets during last three years. Bombay stock Exchange vide their Letter no. DCS/COMP/OT/KK/075/2009-10 dated 15.06.2010 has agreed to grant in-principle approval to revoke suspension in trading in the Company's shares. The Company has completed all the requirements of the Bombay Stock Exchange and trading in Company's shares are likely to be resumed shortly.
- c) Code of Conduct: The board formulated a code of conduct for the Board Members and the senior management of the company. All Board Members and senior management personnel have affirmed their compliance with the code.

## 11. MEANS OF COMMUNICATION

- a) The Company is not sending half-yearly reports to each household of shareholders.
- b) The results are published in newspapers.
- c) Annual reports are posted to the shareholders of the Company.

## 12. GENERAL INFORMATION FOR SHARE HOLDERS

- a) 19th Annual General Meeting:  
Day : Thursday  
Date : 30<sup>th</sup> September, 2010  
Time : 11:30 Hrs  
Venue : Regd Office: Vill.: Barpali  
P. O.: Kesramal (Rajgangpur)  
Dist.: Sundergarh, Orissa.
- b) Financial Calendar (Tentative):  
Quarterly Results: Last week of succeeding month  
Annual Accounts 2009-10: May, 2010
- c) Date of Book Closure: 22nd September to 30th September, 2010 (Both days inclusive).
- d) Listing at Stock Exchange: (i) Bombay Stock Exchange.  
(ii) Bhubaneswar Stock Exchange, Bhubaneswar.  
(iii) The Calcutta Stock Exchange Limited.
- e) Stock market Data:  
To the best of our information there has been no trading in the share of the Company during the year. The trading in shares of the Company had been suspended. Company has completed all the requirements for revocation of suspension in trading of Company's equity shares. Bombay Stock Exchange has also granted In-principle Approval for revocation of suspension. Trading in Company's shares will resume shortly.
- f) Dematerialization of shares:  
Since the Company has entered into agreement with both the depositories i.e. NSDL and CDSL for dematerialization of its Shares, the Shareholders of the Company have the choice to dematerialise their shares and keep them in dematerialized form with any depository participant. The ISIN is INE069E01019.
- g) Public Deposit:  
The Company has not accepted any deposit during the year & there is no outstanding deposit.
- h) Registrar & Share Transfer Agent:  
M/s MCS Limited,  
77/2A Hazra Road, Kolkata - 700 029.  
Telephone: 033-2476 7350 (4 Lines), Fax: 033-2454 1961, 033-2454 2474,  
E-mail: mcscal@2vsnl.net.in

i) Share Transfer System:

Share transfer system is entrusted to the Registrar and Share Transfer Agent. Transfer Committee is empowered to approve the share transfers. Transfer committee Meeting is held as and when required. The share transfers, issue of duplicate certificate etc are endorsed by Directors / Executives / Officers as may be authorised by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Registrar within 30 days.

**13. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2009**

a. Details of shareholding as on 31<sup>st</sup> March, 2010.

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

b. Distribution of shareholding as on 31<sup>st</sup> March, 2010.

CATEGORY	No. of Shares	No. of Shareholder	% of Share holding	% of Share holders
1 - 500	1394500	8786	23.6356	93.0129
501 - 1000	350900	392	5.9475	4.1499
1001 - 5000	465200	225	7.8847	2.3816
5001 - 10000	169500	20	2.8729	0.2117
10001 - 50000	382100	14	6.4763	0.1482
50001 - 100000	160000	2	2.7119	0.0212
and Above	2977800	7	50.4712	0.0741
<b>Total</b>	<b>5900000</b>	<b>9446</b>	<b>100.0000</b>	<b>100.0000</b>

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

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

**15. Secretarial Audit:**

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

**16. PLANT - LOCATION:**

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

**17. ADDRESS FOR CORRESPONDENCE:**

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

## **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 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

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

19, R.N.Mukherjee Road  
Kolkata – 700001  
Dated: the 21<sup>st</sup> day of April, 2010

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 31<sup>st</sup> March,2010.

For Suraj Products Limited

Place: Barpali  
Date: 30.07.2010

Y. K. Dalmia  
Chairman

---

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

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

### **Industry Structure & Development:**

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

### **Company's Performance**

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

### **Opportunities, Threats & Future Outlook:**

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

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

### **Risk and Concern:**

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

### **Internal Control System & Their Adequacy:**

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

### **Human Resources:**

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

### **Cautionary Statement:**

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