

## SURAJ PRODUCTS LIMITED

### 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, 2011, 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.

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

##### B. **Number of Board Meetings:**

During the year 2010-11, the Board of the Company met five times on 30.05.2010, 30.07.2010, 27.10.2010, 27.12.2010, 21.01.2011. All the meeting were held in such manner that the gap between two consecutive meetings was not more than four months.

<b>Name of the Directors</b>	<b>Attendance Particulars</b>		<b>Number of other Directorship and Committee Chairmanship / Membership</b>		
	<b>Board Meetings</b>	<b>Last AGM</b>	<b>Other Directorship</b>	<b>Committee Membership</b>	<b>Committee Chairmanship</b>
Sri Y. K. Dalmia	5	Yes	3	1	1
Smt. S. Dalmia	5	Yes	2	1	--
Sri S.N. Kabra	4	Yes	2	3	2
Sri R. P. Agarwal	4	Yes	--	2	--
Sri 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 24.07.2010, 28.10.2010 and 27.01.2011.

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

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

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

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

### 4. **MANAGERIAL REMUNERATION**

There is no remuneration Committee in the Company. The remuneration of Chairman was fixed in the AGM held on 30.09.2008 & 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 2010-11.

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 2010-2011 the Committee held three meetings 24.07.2010, 29.10.2010 and on 29.01.2011.

The committee received 28 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 the Board at its meeting held on 21.05.2011.

**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
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.	--
30 <sup>th</sup> Sept. 2010	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.

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) 20th Annual General Meeting:

Day : Saturday  
Date : 24<sup>th</sup> September, 2011  
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 2011-12: May, 2012

- c) **Date of Book Closure:**

d) The Company's Register of Members and Share Transfer Books Will remain closed from 19th September to 24th September, 2011.

- e) **Listing at Stock Exchange:** (i) Bombay Stock Exchange.  
(ii) The Calcutta Stock Exchange Limited.

- f) **Stock Code:** **518075 at BSE and 13054 at CSE.**

- g) **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, 4<sup>th</sup> Floor,  
Kamala Mills Compound  
Senapati Bapat Marg,  
Lower parel, Mumbai – 400013

**(2) Central Depository Services(India) Limited ( ISIN – INE069E01019 )**

Phiroze Jeejeebhoy Towers,  
28<sup>th</sup> Floor, Dalal Street,  
Mumbai – 400023

No. of Shares held in dematerialized and physical mode as on 31<sup>st</sup> March, 2011 are as under:

<b>Particulars</b>	<b>No. of Shares</b>	<b>% of total capital issue</b>
Held in dematerialized form in CDSL	3201700	54.27
Held in dematerialized form in NSDL	317400	5.38
Physical	2380900	40.35
<b>TOTAL</b>	<b>5900000</b>	<b>100</b>

h) Public Deposit:

The Company has not accepted any deposit during the year under review.

i) Registrar & Share Transfer Agent:

M/s MCS Limited,  
77/2A Hazra Road, Kolkata - 700 029.  
Telephone: 033-24541892/93, Fax: 033-2454 1961,  
E-mail: mcskol@rediffmail.com  
Contact Person: Mr. Alok Mukherjee

j) 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.

### 13. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2011

a. Details of shareholding as on 31<sup>st</sup> March, 2011.

<b>CATEGORY</b>	<b>No. of Shares</b>	<b>% of Share Holding</b>
Promoters Group	33,00,800	55.95
Private Corporate Bodies	3,18,700	5.40
Indian Public	22,80,500	38.65
<b>Total</b>	<b>59,00,000</b>	<b>100.00</b>

b. Distribution of shareholding as on 31st March, 2011.

<b>CATEGORY</b>	<b>No. of Shares</b>	<b>No. of Shareholder</b>	<b>% of Share holding</b>	<b>% of Share holders</b>
1 - 500	1364700	8636	23.1305	93.3622
501 - 1000	323800	362	5.4881	3.9135
100 - 5000	433300	212	7.3441	2.2918
1				
500 - 10000	172500	20	2.9237	0.2162
1				
100 - 50000	311500	11	5.2797	0.1189
01				
500 - 10000	115600	2	1.9593	0.0216
01 0				
and Above	3178600	7	53.8746	0.0757
<b>Total</b>	<b>5900000</b>	<b>9250</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: 06624-28075/76  
E-mail: investors@surajproducts.com/info@surajproducts.com  
Web Site: www.surajproducts.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, 2011 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, 2011. 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 May, 2011

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

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### **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, 2011.

For Suraj Products Limited

Place: Barpali  
Date: 30.07.2011

Y. K. Dalmia  
Chairman

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