REPORT ON CORPORATE GOVERNANCE

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

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

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

2. **BOARD OF DIRECTORS**

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

As on 31st of March, 2012, 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.

Name of the Directors	Category
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 2011-12, the Board of the Company met five times on 21.05.2011, 30.07.2011, 25.10.2011, 30.01.2012 and 29.02.2012. 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	5	Yes	5	1	1
Smt. S. Dalmia	5	Yes	4	1	--
Sri S.N. Kabra	4	Yes	2	3	2
Sri R. P. Agarwal	3	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 four Audit Committee meetings were held 25.05.2011, 24.07.2011, 28.10.2011 and 27.01.2012.
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.

4. **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.

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.

During the financial year 2011-12 the Committee held three meetings 24.07.2011, 29.10.2011 and on 29.01.2012. The committee received 35 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 26.05.2012.

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
12th Sept. 2008	Registered Office of the company at Barpali	11.30 A.M.	--
30th Sept. 2009	Registered Office of the company at Barpali	11.30 A.M.	--
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.	--

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: 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 2011-12, there is no audit qualification in the Company's financial statements.

11. **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 21st Annual Report of the Company posted to the Share holders.

12. **GENERAL INFORMATION FOR SHARE HOLDERS**

21st Annual General Meeting:

Day	:	Saturday
Date	:	29th September, 2012
Time	:	11:30 Hrs
Venue	:	Regd. Office: Vill: Barpali P. O.: Kesramal (Rajgangpur) Dist.: Sundergarh, Orissa.

a) **Financial Calendar** (Tentative):

Quarterly Results:	Last week of succeeding month
Annual Accounts 2012-13:	May, 2013

b) **Date of Book Closure**: The Company's Register of Members and Share Transfer Books Will remain closed from 24th September to 29th September, 2012.

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, 2012 is as under:

Particulars	No. of Shares	% of total capital issue
Held in dematerialized form in CDSL	3298400	55.91
Held in dematerialized form in NSDL	353900	6.00
Physical	2247700	38.09
TOTAL	**5900000**	**100**

f) **Public Deposit:**
The Company has not accepted any deposit during the year under review.

g) **Registrar & Share Transfer Agent:**

M/s MCS Limited,
77/2A Hazra Road, Kolkata - 700029.
Telephone: 033-24541892/93, Fax: 033-2454 1961,
E-mail: mcskol@rediffmail.com
Contact Person: Mr. Alok Mukherjee/ Mr. Partho Mukherjee

h) **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 31ST MARCH 2012**

a. Details of shareholding as on 31st March, 2012.

CATEGORY	No. of Shares	% of Share Holding
Promoters Group	33,01,800	55.95
Private Corporate Bodies	3,18,700	5.40
Indian Public	22,79,500	38.65
Total	**59,00,000**	**100.00**

b. Distribution of shareholding as on 31st March, 2012.

CATEGORY No. of Shares	No. of Shares	No. of Shareholder	% of Share holding	% of Share holders
1 - 500	1345900	8532	22.8119	93.5424
501 - 1000	307400	343	5.2102	3.7606
1001 - 5000	419300	205	7.1067	2.2476
5001 - 10000	169500	20	2.8729	.2193
10001 - 50000	339700	12	5.7576	.1316
50001 - 100000	139600	2	2.3661	.0219
and Above	3178600	7	53.8746	.0767
Total	**5900000**	**9121**	**100.0000**	**100.0000**

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. **PLANT - LOCATION:**

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

16. **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 31st March, 2012 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, 2012. 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 28th day of July, 2012

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,2012.

For Suraj Products Limited

Place: Barpali
Date: 28.07.2012

Y. K. Dalmia
Chairman