

**ANNUAL REPORT
2013 – 2014**



SURAJ PRODUCTS LIMITED

Formerly

CHAMPION CEMENTS INDUSTRIES LTD.

BARPALI, KESRAMAL, RAJGANGPUR, SUNDARGARH, ODISHA-770017

BOOK POST



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

SURAJ PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. Y. K. Dalmia, Chairman
Mr. S. N. Kabra
Mr. R. P. Agarwal
Mrs. 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 subject 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.

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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.

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.

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

- i.** 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

Place: Barpali
Dated: 09.08.2014

A.N.Khatua
Company Secretary

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.

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- 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. Re. 0.70 per equity shares of the Company for the Financial Year 2009-10, @ 8 % i.e Re. .80 for the Financial Year 2010-11, @ 9 % Re. 0.9 for the Financial Year 2011-12 and @ 5 % i.e. Re. 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 Rs. 6,07,120.5/-, Rs. 6,96,972/-, Rs. 8,47,149.30/- and Rs. 5,16,308/- respectively.

Members are requested to note that as per Section 124 of the Companies Act, 2013, dividends not encashed 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.
- 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

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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 August 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.
 - 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.

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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.

SURAJ PRODUCTS LIMITED**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
DIN	00556947
Date of Birth	20.12.1948
Date of Appointment	01.01.1997
Qualification	B.Com
Expertise in specific functional areas	Running of Manufacturing unit.
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.
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
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.	NIL

Name of Director	Mrs. Sunita Dalmia
DIN	00605973
Date of Birth	03.05.1964
Date of Appointment	19.06.2000
Qualification	Graduate
Expertise in specific functional areas	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. 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. 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.	472400 Shares

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Name of Director	Mr. R.P.Agarwal
DIN	02390381
Date of Birth	04.03.1958
Date of Appointment	30.06.2006
Qualification	Chartered Accountant
Expertise in specific functional areas	Expertise in his own specified field.
List of other Companies in which Directorship held (excluding in Foreign companies)	None
Chairman/Member of Committees the Board of Directors of the Company.	1. Audit Committee 2. Shareholders Grievance Committee 3. Remuneration Committee
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.	NIL

Name of Director	Mr. Y.K.Dalmia
DIN	00605908
Date of Birth	15.05.1958
Date of Appointment	01.09.20013
Qualification	Chattered Accountant & Company Secretary
Expertise in specific functional areas	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)	1. NIP Power Pvt. Ltd. 2. Balbhadra Infratech Pvt. Ltd. 3. Molisati Vinimay Pvt. Ltd. 4. Brex Technology Pvt. Ltd.
Chairman/Member of Committees the Board of Directors of the Company.	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.	9,81,500

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 :

<u>PARTICULARS</u>	<u>Current Year (Rs. In Lac)</u>	<u>Previous Year (Rs. In Lac)</u>
(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	56.87	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	1122.29	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>1062.03</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. Rs. 0.60 on prorata basis (Previous year Rs. 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 Rs. 51.31 Lac compared to previous year figure of Rs. 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 Rs. 20/- per Equity Share (including a premium of Rs. 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 Rs. 11,40,00,000/- comprising of 1,14,00,000 Ordinary (Equity) Shares of Rs. 10/- each fully paid-up. During the year the Authorized Share Capital of the Company has been increased from Rs. 600,00,000 (Rupees

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Six Crores only) divided into 60,00,000 Equity Shares of Rs. 10/- to Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 Equity Shares of Rs. 10/- each by creation of 60,00,000 Equity Shares of Rs. 10/-.

DIRECTORS:

Mr. S.N.Kabra (DIN- 00556947), Non-Executive Independent Director, and Mrs. Sunita Dalmia (DIN- 00605973), Non-Executive Promoter Director who are liable to retire by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for re-appointment. Your Directors recommend their 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.

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

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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

Y. K. Dalmia

Date: 09.08.2014

Chairman

On behalf of the Board of Directors

Place: Barpali

Y. K. Dalmia

Dated: the 28th day of August, 2013

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 2012-2014	For the year 2011-2013
(a) Purchased Units	KWH	60,72,060	58,53,109
Amount	Rs.	342,31,189	302,87,180
Cost per Unit	Rs.	5.64	5.17
(b) Through Diesel Generator	KWH	4,19,824	5,43,928
Unit per Ltr. of Diesel		3.88	3.55
Cost per Unit *	Rs.	11.86	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 (Rs.) Previous Year (Rs.)

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

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	—

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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	-	Rs 10,75,000 (9,00,000)
Mr. Gagan Goyal	-	Rs. 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.

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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.

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- 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.

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

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(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	6798400	59.64
Held in dematerialized form in NSDL	2353900	20.65
Physical	2247700	19.71
TOTAL	11400000	100

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

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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	1295744	8231	11.3662	93.6938
501 - 1000	290648	324	2.5495	3.6881
1001 - 5000	391501	189	3.4342	2.1514
5001 - 10000	158300	19	1.3886	0.2163
10001 - 50000	236300	10	2.0728	0.1138
50001 - 100000	235707	4	2.0676	0.0455
and Above	8791800	8	77.1211	0.0911
Total	11400000	8785	100.0000	100.0000

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.

SURAJ PRODUCTS LIMITED

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
sproduct@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 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.	97,45,23,515
Profit before Taxation	:	Rs.	17,156,004
Profit after Taxation	:	Rs.	11,468,591

OPPORTUNIES, 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.

SURAJ PRODUCTS LIMITED

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.

SUBMISSION OF E-MAIL ADDRESS OF MEMBES OF SURAJ PRODUCTS LIMITED

NAME

E-MAIL I.D.

ADDRESS

D.P. I.D.

CLIENT I.D.

FOLIO NO.(In case of Physical Holding)

NO. OF EQUITY SHARESHELD (The period for which held)

Specimen signature of the member

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,

SURAJ PRODUCTS LIMITED

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

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.

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- 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 Rs.11,86,61,719/- and the year-end balance of loan taken was Rs.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.

SURAJ PRODUCTS LIMITED

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 :

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, Bhubaneshwar

SURAJ PRODUCTS LIMITED

- 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 Rs. 20/- per share (face value of Rs 10/- per share with a premium of Rs 10/- per share) aggregating to Rs 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**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31st March-14 (₹)	As at 31st March-13 (₹)
I. EQUITY AND LIABILITIES			
<u>Shareholders' Funds</u>			
(a) Share Capital	1	114,000,000	59,000,000
(b) Reserves & Surplus	2	162,855,082	102,712,566
<u>Non-Current Liabilities</u>			
(a) Long-Term Borrowings	3	146,541,917	14,451,936
(b) Deferred Tax Liabilities	4	11,908,296	13,693,985
<u>Current Liabilities</u>			
(a) Short Term Borrowings	5	172,740,444	168,930,569
(b) Trade Payables	6	22,543,145	34,825,998
(c) Other Current Liabilities	7	32,402,487	42,735,511
(d) Short Term Provisions	8	6,200,177	5,218,267
TOTAL		669,191,550	683,973,483
II. ASSETS			
<u>Non-Current Assets</u>			
(a) Fixed Assets			
(i) Tangible Assets	9	221,174,668	182,953,413
(ii) Intangible Assets	9	520,770	781,154
(b) Non-Current Investments	10	250,000	250,000
(c) Long Term Loans & Advances	11	2,572,227	7,961,600
<u>Current Assets</u>			
(a) Inventories	12	319,016,241	348,459,537
(b) Trade Receivables	13	51,367,131	34,564,542
(c) Cash & Cash Equivalents	14	15,032,170	20,451,995
(d) Short Term Loans & Advances	15	59,258,343	88,551,242
TOTAL		669,191,550	683,973,483

Significant Accounting Policies 24
See accompanying notes forming part of Financial Statements

As per our report attached of even date
For RUSTAGI & CO.
Chartered Accountants
Firm Registration No. 301094E
Ashish Rustagi
Partner
Membership No.062982
Place : Kolkata
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

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2014

Particulars	Note No.	For Year ended 31.03.2014 (₹)	For Year ended 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 : Kolkata

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
Operating Cash Profit before Working Capital	80,963,828	84,767,366
Add/Deduct		
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
Cash flow from Operation	109,128,628	(37,716,782)
Direct Tax Paid	(9,412,467)	(5,639,343)
Net Cash Inflow/(Outflow) from Operating Activities	99,716,161	(43,356,124)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(64,463,506)	(8,428,596)
Sale of fixed Asset	288,000	-
Net Cash Outflow from Investing Activities	(64,175,506)	(8,428,596)
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)
Net Cash Flow from Financing Activities	(40,960,480)	53,842,176
Net Cash Flow during the Year(A+B+C)	(5,419,825)	2,057,454
Cash and Cash Equivalent (Opening Balance)	20,451,995	18,394,541
Cash and Cash Equivalent (Closing Balance)	15,032,170	20,451,995
	(5,419,825)	2,057,454
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
Net cash & cash equivalent(as defined in AS - 3)	3,035,351	1,404,784

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 : Kolkata

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

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 assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ.

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

SURAJ PRODUCTS LIMITED

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

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 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.

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

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

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 (₹)		
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	114,000,000	59,000,000		
(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	11,400,000	5,900,000		
(b) List of shareholders holding more than 5% of the total number of shares issued by the Company :				
Name of the share holders	No of shares	% of holding	No of shares	% of holding
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
<p>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.</p> <p>During the year ended March, 2014 the company on preferential basis, issued and allotted 55,00,000 equity shares of Rs. 10 each at a price of Rs. 20/ equity shares (Including premium of Rs. 10/equity shares) to promoter & Non promoter group companies.</p>				
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	54,700,000		-	
(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	
	112,228,277		104,188,250	
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	106,202,202		100,759,686	
Total (a + b + c)	162,855,082		102,712,566	

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

	As at 31st March-14 (₹)	As at 31st March-13 (₹)
3. Long Term Borrowings		
Secured Loan		
Term Loans From Bank		
i) From Canara Bank	16,596,389	14,451,936
Vehicle Loan from HDFC	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**

	<u>As at 31st March-14</u> (₹)	<u>As at 31st March-13</u> (₹)
4. <u>Deferred Tax Liabilities</u>		
Deferred Tax Liabilities		
Depreciation on Fixed Assets	11,908,298	13,693,985
Net Deferred Tax Liabilities	<u>11,908,298</u>	<u>13,693,985</u>
5. <u>Short Term Borrowings</u>		
Working Capital Loan	172,740,444	168,930,569
	<u>172,740,444</u>	<u>168,930,569</u>
<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
	<u>22,543,145</u>	<u>38,837,182</u>
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
	<u>32,402,487</u>	<u>38,724,327</u>
# 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
	<u>6,200,177</u>	<u>5,218,267</u>

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. <u>Non-Current Investments</u>		
<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. <u>Long Term Loans & Advances</u>		
(Unsecured, considered good)		
Capital Advances	-	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. <u>Inventories</u>		
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. <u>Trade Receivables</u>		
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. <u>Cash & Cash Equivalents</u>		
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

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
	(₹)	(₹)
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
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		
Materials Consumed Comprises of:		
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)

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> (₹)
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
	<u>65,558,410</u>	<u>62,885,601</u>
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
	<u>17,267,153</u>	<u>14,308,388</u>
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
	<u>37,593,189</u>	<u>41,313,805</u>
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
	<u>11,494,468</u>	<u>12,821,886</u>

SURAJ PRODUCTS LIMITED

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

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 Goel			5,60,000 (4,00,000)	5,60,000 (4,00,000)
Dividend				
a) Yogesh Kumar Dalmia			6,63,500 (7,30,260)	2,36,200 (2,45,160)
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	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 (₹)
Travelling Expenses	89,284	55,702
Purchase of spares & services	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 : Kolkata

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