

ANNUAL REPORT & ACCOUNTS

2008-2009



SURAJ PRODUCTS LIMITED

SURAJ PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. Y.K.Dalmia; Chairman

Mr. S.N.Kabra

Mr. R.P.Agarwal

Mr. D.K.Agarwala

Mrs. S. Dalmia

Mr. G.Goyal, Executive Director

AUDITOR

M/s. Rustagi & Co.

19, R.N.Mukherjee Road

Kolkata- 700072

COMPANY SECRETARY

Ananta Narayan Khatua

BANKER

Canara Bank

REGISTRAR & SHARE TRANSFER AGENTS

M/s. MCS Ltd.

77/2A, Hazra Road

Kolkata- 700029

REGD. OFFICE & WORKS

Vill: Barpali

P.O.: Kesaramal (Rajgangpur)

Dist: Sundargarh – 770017

Orissa

E – Mail: suproduct@gmail.com

KOLKATA OFFICE:

59, N.S. Road

Kolkata- 700001

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the members of SURAJ PRODUCTS LIMITED will be held on Wednesday the 30th day of September, 2009 at 11.30 A.M. at the Registered Office of the Company at Vill: Barpali, P.O. Kesaramal (Rajgangpur) – 770 017 Dist: Sundergarh, Orissa, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the financial year ended 31st March, 2009 and the Audited Balance Sheet as at that date and Reports of Directors and Auditors' thereon.
2. To appoint a director in place of Mr S.N. Kabra who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mrs. Sunita Dalmia who retires by rotation and being eligible offers herself for reappointment.
4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution
"RESOLVED THAT M/s Rustagi & Co. Chartered Accountants, the retiring Auditors of the Company be and hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company".

By Order of the Board
For Suraj Products Limited

Y.K.DALMIA
Chairman

Place Barpali
Date: 30.07.2009

Note:

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.
2. Proxy Form is sent herewith.
3. The Register of Member and Share Transfer Books of the company will remain closed from 22.09.2009 to 30.09.2009 (both days inclusive) in connection with the Annual General Meeting.
4. As required by the Listing Agreement, details of the Directors retiring by rotation and eligible for re-appointment are annexed.

ANNEXURE TO THE NOTICE

Details of other Directors seeking appointment/reappointment in Eighteenth Annual General Meeting (In pursuant of Clause 49 of Listing Agreements)

Name of Director	Mr. S.N.Kabra	Mr. Sunita Dalmia
Date of Birth	20.12.1948	03.05.1963
Date of Appointment	01.01.1997	19.06.2000
Qualification	B.com	Graduate
Expertise in specific functional areas	Running of Manufacturing Unit.	She has come from businessman family and has posses good business sense and administration capabilities.
List of other Companies in which Directorship held (excluding in Foreign companies)	1. Sreechem Resines Limited 2. Sreechem Finance Pvt. Ltd.	1. Narbada Innovative Products (P) Limited 2. Balbhadhra Infratech (P) Ltd.
Chairman/Member of Committees the Board of Directors of other Companies in which he is a Director (excluding in foreign Chairman of Companies)	Nil	Nil
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.	Nil	272400 Shares

By Order of the Board
For Suraj Products Limited

Y.K.DALMIA
Chairman

Place Barpali
Date: 30.07.2009

DIRECTORS' REPORT

To The Members,

Your Directors present their 18th Annual Report along with the Audited Accounts of the company for the year ended 31st March 2009.

FINANCIAL RESULTS:

	Current Year (Rs. In Lac)	Previous Year (Rs. In Lac)
(i) Sales and other income	6189.35	5155.55
(ii) Profit before depreciation	433.32	392.16
(iii) Depreciation	231.80	219.07
(iv) Profit for the year	201.52	173.09
(v) Provision for tax	72.96	63.73
(vi) Profit after tax	128.55	109.36
(vii) Profit brought forward from the previous year	617.10	507.74
(viii) Profit available for appropriation & carried forward to Balance sheet	745.66	617.10

OPERATIONS

During the year, the Company produced 21285 MT of sponge iron compared to 23231 MT of previous year. The reduction in production was due to difficulty in procurement of desired grade of raw materials i.e. Coal & Iron Ore and adverse logistic conditions from mines area. The production of Pig Iron for the year was 4594MT as compared to last year's production of 5337MT.

Sales of Sponge iron during the year totaled to 21116 MT compared to 23477 MT of previous year. Pig iron sales during the year totaled to 4890 in comparison to last year's sale of 4934 MT. Company's focus on the quality consistency and better marketing strategies contributed to higher turn over and higher profitability. The same resulted to an EPS of Rs. 2.18

DIVIDEND

To conserve the resources of the company for future expansion, the Board does not recommend any dividend on the Equity Shares of the Company.

DIRECTORS

Sri S.N. Kabra & Mrs. S.Dalmia retire by rotation & being eligible offer themselves for re-appointment.

FINANCE

Due to remunerative market conditions the profit before tax and profit after tax has improved since last year. In spite of adverse global scenario, the Company is expected to maintain the profitability.

LISTING FEE

The Annual Listing fee for the year 2008-09 has been paid to those Stock Exchanges where the Company's shares are listed.

SURAJ PRODUCTS LIMITED

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 Director Confirm that;

- (i) In the preparation of annual accounts, the applicable Accounting Standards as specified by the Institute of Chartered Accountants of India had been followed and that there is no material departure from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) The Directors have taken proper and sufficient care 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.
- (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 Analysis Report – (Annexure 'C').

AUDITORS

The Auditors, M/s Rustagi & Company, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENT

Your Directors are pleased to place their sincere appreciation for the continued co-operation, guidance, support and assistance provided during the year by Bank, SIDBI, Government Authorities, Shareholders, Customers and suppliers. They take this opportunity to record their appreciation of the contribution made by all the employees to the operations of the company during the year.

On behalf of the Board of Directors

Place : Barpali
Date : 30.07.2009

Y. K. DALMIA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217(i) (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 2009

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.

A. Power Consumption

ELECTRICITY			For the year 2008-2009	For the year 2007-2008
(a)	Purchased Units	KWH	50,72,988	51,18,384
	Amount	Rs.	1,65,11,249	1,65,26,418
	Cost per Unit	Rs.	3.25	3.23
(b)	Through Diesel Generator	KWH	2,28,177	2,48,898
	Unit per Ltr. of Diesel		2.06	2.73
	Cost per Unit	Rs.	16.25	11.03

* Operating cost has been charged with other expenses.

B. Power Consumption Per Unit Production

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**A. Research & Development (R & D)**

The Company does not have in-house Research & Development department.

B. Technology Absorption, Adoption & Innovation

There is no technical coloration agreement. The Company is manufacturing through indigenously developed know-how.

3. FOREIGN EXCHANGE EARNING AND OUTGO

Earnings	:	NIL	(NIL)
Outgo (Capital Goods)	:	NIL	(15.10)

On behalf of the Board of Directors

Place : Barpali
Date : 30.07.2009

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 into consideration the size and location of the company.

1. Company's Philosophy on Corporate Governance

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

2. BOARD OF DIRECTORS

A. The composition of the Board:

As on 31st of March, 2009 the Board of Directors of Suraj Products comprises of six directors. The Board consists of the Chairman, who is Promoter & Executive Director, one Executive Director and four Non-Executive Director, of which three are independent. Details are given below.

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

B. Number of Board Meetings:

During the year 2008-09, the Board of the Company met 10 times on 25.04.2008, 28.06.2008, 26.07.2008, 12.09.2008, 30.10.2008, 18.11.2008, 25.11.2008, 22.12.2008, 27.01.2009, & 30.01.2009. All the meeting were held in such manner that the gap between two consecutive meetings was not more than four months.

Name of the Directors	Attendance Particulars		Number of other Directorship and Committee Chairmanship / Membership		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Y. K. Dalmia	10	Yes	2	1	1
Mrs. S. Dalmia	10	Yes	2	1	—
Mr. S.N. Kabra	8	Yes	4	3	1
Mr. R. P. Agarwal	4	Yes	—	—	—
Mr. D. K. Agarwala	2	Yes	—	2	1
Mr. Gagan Goyal	10	Yes	—	2	—

3. AUDIT COMMITTEE

The audit committee consists of Sri S.N. Kabra, Sri R. P. Agarwal and Sri Gagan Goyal. Sri S. N. Kabra acts as Chairman of the Committee. During the period under review three Audit Committee meetings were held 26.07.2008, 30.10.2008 and 30.01.2009.

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

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

Term of reference of the Audit Committee:

The committee is entrusted with review of half yearly and annual financial statements before submission to the Board, review of observation of auditors and to ensure compliance of internal control systems authority for investigation and access for full information and external professional advice for discharge of the function delegated to the Committee by the Board. The scope of the audit committee, inter alia, includes review of the Company's financial reporting process, the financial statements; review the adequacy of the internal control systems.

4. MANAGERIAL REMUNERATION

There is no remuneration Committee in the Company. The remuneration of Chairman was fixed in the AGM held on 12.09.2008 & the remuneration of Executive Director was fixed in the AGM held on 30.09.2006.

a) REMUNERATION TO DIRECTORS

Following remuneration was paid to Directors during the financial year 2008-09.

Mr. Y. K. Dalmia, Chairman — Rs. 8, 25,000.00

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

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

b) REMUNERATION POLICY

The, past performance and past remuneration of the respective director in the manner to strike Company follows the policy to fix remuneration to Whole-time Director(s) by taking into account the financial position of the Company, trend in the industry, qualification, experience a balance between the interest of the Company and its shareholders.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

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

During the financial year 2008-09 the Committee held three meetings on 26.07.2008, 30.10.2008 and 30.01.2009.

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

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

6. SHARE TRANSFER COMMITTEE

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

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7. CEO/CFO Certification

A certificate from The Chairman on the Financial Statements of the Company was placed before at its meeting held on 30.07.2009

8. Risk assessment & Minimization Procedure

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

9. GENERAL BODY MEETING

a) ANNUAL GENERAL MEETING

Date	Venue	Time	No. of Special Resolution
29th Sept. 2004	Registered Office of the company at Barpali	11.30 A.M.	One
29th Sept. 2005	Registered Office of the company at Barpali	11.30 A.M.	—
30th Sept. 2006	Registered Office of the company at Barpali	11.30 A.M.	One
29th Sept. 2007	Registered Office of the company at Barpali	11.30 A.M.	—
12th Sept. 2008	Registered Office of the company at Barpali	11.30 A.M.	—

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

10. DISCLOSURES

- a) **RELATED PARTY DISCLOSURE:** There are no materially significant related party transactions with its Promoters, the Directors or the Management and their Subsidiaries or relatives etc., which may have potential conflict with the interest of the Company at large.
- b) **NON-COMPLIANCE PENALTIES:** The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Security Exchange Board of India or any other Statutory Authority related to the capital markets during last three years. No penalty or strictures have been imposed by them on the Company. The Company's share's trading has been suspended by The Stock Exchange – Mumbai. Further the Company has applied to SEBI for grant of exception u/r 3(1) (c) of SEBI (SAST) Regulations, 1997 for the preferential issue made in 2002 which is yet to be listed.
- c) **Code of Conduct:** The board formulated a code of conduct for the Board Members and the senior management of the company. All Board Members and senior management personnel have affirmed their compliance with the code.

11. MEANS OF COMMUNICATION

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

12. GENERAL INFORMATION FOR SHARE HOLDERS

a) 18th Annual General Meeting:

- Day : Wednesday
- Date : 30th September, 2009
- Time : 11:30 Hrs
- Venue : Regd Office, Barpali
Post – Kesramal (Rajgangpur)
Dist – Sundergarh, ORISSA.

- b) Financial Calendar (Tentative):
- Quarterly Results : Last week of succeeding month
 - Annual Accounts 2008-09 : June, 2009
- c) Date of Book Closure : 22nd September to 30th September, 2009
(Both days inclusive)
- d) Listing at Stock Exchange : (i) Bombay Stock Exchange.
(ii) Bhubaneswar Stock Exchange, Bhubaneswar.
(iii) The Calcutta Stock Exchange where Application has been made for delisting of its shares of the Company as per SEBI (Delisting of Securities) Guidelines 2009.
- e) Stock market Data:
To the best of our information there has been no trading in the share of the Company during the year. Trading of shares of the Company will commence in Bombay Stock Exchange, Mumbai. The Company has applied for commencement of trading in Bombay Stock Exchange, Mumbai.
- f) Dematerialization of shares:
The Company has taken various steps for dematerialization of shares.
- g) Registrar & Share Transfer Agent:
M/s MCS Limited,
77/2A Hazra Road, Kolkata - 700 029.
Telephone: 033-2476 7350 (4 Lines), Fax: 033-2454 1961, 033-2454 2474,
E-mail: mcscal@2vsnl.net.in
- h) Share Transfer System:
Share transfer system is entrusted to the Registrar and Share Transfer Agent. Transfer Committee is empowered to approve the share transfers. Transfer committee Meeting is held as and when required. The share transfers, issue of duplicate certificate etc are endorsed by Directors / Executives / Officers as may be authorised by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Registrar within 30 days.

13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2009

- (i) Details of shareholding as on 31st March, 2009.

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

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(ii) Distribution of shareholding as on 31st March, 2009.

CATEGORY No. of Shares	No. of Shares	No. of Shareholder	% of Share holding	% of Share holders
1 – 500	1394900	8787	23.6424	93.0137
501 – 1000	351000	392	5.9492	4.1495
1001 – 5000	464700	225	7.8764	2.3816
5001 – 10000	169500	20	2.8729	0.2117
10001 – 50000	382100	14	6.4763	0.1482
50001 – 100000	160000	2	2.7119	0.0212
and Above	2977800	7	50.4712	0.0741
Total	5900000	9447	100.0000	100.0000

14. **PLANT LOCATION:**

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

15. **ADDRESS FOR CORRESPONDENCE:**

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

Annexure to the Corporate Governance Report**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)**

To

The members of **M/s. SURAJ PRODUCTS LIMITED**

We have reviewed the implementation of Corporate Governance procedures by M/s. Suraj Products Limited during the year ended 31st March, 2009 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, 2008. 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 27th July 2009

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, 2009.

Place: Barpali
Date: 30.07.2009

For Suraj Products Limited
Y. K. DALMIA
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Board takes pleasure in presenting your Company's Eighteenth Annual report for the year 2008-09 along with the compliance report on Corporate Governance.

Industry Structure & Development :

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

Company's Performance :

Gross Turnover	:	Rs. 61, 39, 15, 474.00
Profit before Taxation	:	Rs. 2, 01, 52, 307.00
Profit after Taxation	:	Rs. 1, 28, 55, 498.00

Opportunities, Threats & Future Outlook :

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

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

Risk and Concern :

Increasing trend in raw material prices and no availability good quality of raw material is the area of concern for the Company. Company is keeping close watch on these and taking appropriate steps timely.

Internal Control System & Their Adequacy :

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

Human Resources :

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

Cautionary Statement :

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

RUSTAGI & CO.
CHARTERED ACCOUNTANTS

19, R. N. MUKHERJEE ROAD,
EASTERN BUILDING, 1st FLOOR
KOLKATA – 700 001
PHONE : 2248-0856/0828
FAX : 2243-0746

AUDITOR'S REPORT

TO:
THE MEMBERS OF
M/S. SURAJ PRODUCTS LIMITED

We have audited the attached Balance Sheet of “**Suraj Products Limited**” as at 31st March'2009 and the annexed Profit & Loss Account along with Cash Flow Statement for the year ending on that date. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidences supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
3. The Balance Sheet, Profit & Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of accounts produced before us.
4. In our opinion prima facie, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standard, referred in sub-section 3(C) of section 211 of the Companies Act, 1961.
5. On the basis of written representation received from the director and taken on record by the Board of Directors, we report that prima facie none of the directors is disqualified as on 31.03.2009 from being appointed as a director in terms of clause(g) of sub-section(I) of section 274 of the Companies Act 1956.

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6. In our opinion and to the best of our information and according to the explanation given to us, the balance sheet and profit & loss account read with schedules and notes on account annexed thereto gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India
- i) in the case of balance sheet of the state of affairs of the company as at 31st March 2009 and;
 - ii) in the case of profit & loss account of the **Profit** for the year ended on that date.
 - iii) in the case of Cash Flow Statement of the Cash Flow of the company for the year ended on that date.

Place: Barpali

Dated, the 8th day of July, 2009

For RUSTAGI & CO.

Chartered Accountants

(ASHISH RUSTAGI)

Partner

Membership No.062982

ANNEXURE

Re : M/s Suraj Products Limited

Referred to in paragraph 3 of our report of even date,

- i) a) The company has maintained proper records showing details of fixed assets including quantitative details and situation of fixed assets. However comprehensive fixed asset register is being complied.
- b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion is reasonable having regards to the size of the company and the nature of its assets. On the basis of explanation given to us, no material discrepancies have been noticed on such verifications.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of fixed assets of the company and such disposals has, in our opinion, not affected the going concern status of the company.
- 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.
- b) 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.3,68,04,862/- and the year-end balance of loan taken was Rs.2,09,78,223/-
- c) 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.
- d) 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 is 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.

SURAJ PRODUCTS LIMITED

- 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 301 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 by firm of Chartered Accountants appointed by the management is commensurate with the size of the Company and the nature of its business.
- viii) According to information provided and in our opinion, the maintenance of cost records prescribed by Central Government of 209(1)(d) of the Companies Act is not applicable to the Company.
- 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. However few delays in depositing dues were observed but no material discrepancy was observed.
- 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, 2009 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 sale 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 which has not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of dues	Amount Rs in lakhs	Period to which the amount relates	Forum where the dispute is pending
1) The Orissa Sales Tax Act, 1947	Dispute regarding Sales tax exemption, set off on cement, consumption norms.	31.5	1999-2000 to 2003-2004	Sales Tax Tribunal, Orissa
2) The Orissa Entry Taxes, Rules 1999	Entry tax on interstate Purchase	9.7	2002-2003 to 2003-2004	Asst. Commissioner of Commercial Taxes, Rourkela
3) Central Sales Tax Act, 1969	Non submission of "C" Form Declaration	3.12	2004-2005	Asst. Commissioner of Commercial Taxes, Rourkela

- 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 term loans have been availed during the year and applied for the purpose for which they were raised.
- 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 not made any preferential allotment during the period covered by our audit report. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.
- 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

(ASHISH RUSTAGI)

Partner

Membership No.062982

Place: Barpali

Dated, the 8th day of July, 2009

SURAJ PRODUCTS LIMITED**BALANCE SHEET AS AT 31st MARCH 2009**

I.	SOURCES OF FUND	SCHEDULE	As at 31st March-09 (Rs.)	As at 31st March-08 (Rs.)
	SHARE HOLDERS FUND :			
	Share Capital	1	59,000,000	59,000,000
	Reserve & Surplus	2	76,518,666	63,663,168
	LOAN FUNDS			
	Secured Loan	3	193,197,499	108,614,048
	Unsecured Loan	4	20,978,223	67,404,724
	Deffered Tax Liability		21,247,879	18,323,262
	TOTAL		370,942,266	317,005,202
II.	APPLICATION OF FUND:			
	FIXED ASSETS	5		
	Gross Block		330,521,478	229,548,695
	Less: Depreciation		111,776,982	90,185,175
	Net Block		218,744,496	139,363,520
	Capital Work in Progress			49,135,532
			218,744,496	188,499,052
	INVESTMENTS	6	250,000	250,000
	CURRENT ASSETS,LOANS & ADVANCES			
	Inventories	7	131,728,669	87,813,154
	Sundry Debtors	8	42,706,414	33,709,994
	Cash & Bank Balance	9	12,052,851	10,237,686
	Advances	10	39,928,285	58,562,610
	Other Current Assets			2,135,670
			226,416,219	192,459,114
	Less: Current Liabilities & Provisions			
	A.Current Liabilities	11	73,298,673	60,248,810
	Provision	12	1,169,776	3,954,154
	Net Current Assets		151,947,770	128,256,150
	TOTAL		370,942,266	317,005,202
	Notes on Accounts	20		

Schedules 1 to 12 and 20 form an integral part of the Balance Sheet

As per our report attached of even date

For **RUSTAGI & CO.**

Chartered Accountants

Sd/-

(ASHISH RUSTAGI)

Partner

Membership No.062982

For & on behalf of Board of Directors

Sd/-

Y. K. DALMIA

CHAIRMAN

Sd/-

S. N. KABRA

S. DALMIA

DIRECTOR

Sd/-

S. GOYAL

EXECUTIVE DIRECTOR

Place : Barpali

Dated: the 8th day of July , 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009

	SCHEDULE	For Year Ended 31.03.2009 (Rs.)	For Year Ended 31.03.2008 (Rs.)
INCOME			
Gross Sales		613,915,474	514,062,252
Less: Excise Duty		54,489,500	53,549,580
Net Sales		559,425,974	460,512,672
Other Income	13	5,019,835	1,493,386
Increase/(Decrease) in Stock of Finished goods	14	(6,218,186)	8,027,720
		558,227,623	523,583,358
EXPENDITURE			
Cost of Materials	15	439,849,562	372,288,581
Other Manufacturing Expenses	16	43,028,536	34,221,123
Payment to & Provision for Employees	17	5,207,928	5,135,664
Administrative & Selling Expenses	18	9,588,039	6,892,792
Financial Charges	19	17,221,262	12,279,183
Depreciation		23,179,989	21,906,991
		538,075,316	506,273,914
Profit before Taxation		20,152,307	17,309,445
Less: Provision for Income Tax		4,148,240	5,586,100
Add : Short prov for I.T for Previous years		127,416	49,396
Less: Provision for Fringe Benefit Tax		96,536	104,300
Less: Provision for Deferred Tax		2,924,617	633,758
Profit After Tax		12,855,498	10,935,891
Balance Brought Forward from Previous year		61,710,288	50,774,397
Balance Carried to Balance Sheet		74,565,786	61,710,288
Basic and Diluted Earnings Per Share(Rs.)		2.18	1.85
Notes on Accounts	20		

Schedules 13 to 20 form an integral part of the Profit & Loss Account

As per our report attached of even date

For **RUSTAGI & CO.**

Chartered Accountants

Sd/-

(ASHISH RUSTAGI)

Partner

Membership No.062982

For & on behalf of Board of Directors

Sd/-

Y. K. DALMIA

CHAIRMAN

Sd/-

S. N. KABRA

S. DALMIA

DIRECTOR

Sd/-

Gt. GOYAL

EXECUTIVE DIRECTOR

Place : Barpali

Dated: the 8th day of July , 2009

SURAJ PRODUCTS LIMITED**Schedules annexed to & forming part of the Balance Sheet as at 31st March 2009**

	As at 31st March-09	As at 31st March-08
	(Rs.)	(Rs.)
SCHEDULE - 1		
Share Capital		
Authorised :		
60,00,000 Equity shares of Rs.10 each	60,000,000	60,000,000
Issued, Subscribed & Paid up Capital		
59,00,000 Equity of Rs.10 each fully paid	59,000,000	59,000,000
	59,000,000	59,000,000

SCHEDULE - 2**Reserve & Surplus**

Revaluation reserve on land		
As per last account	1,952,880	1,952,880
Surplus as per Profit & Loss Account (As Per Annexed account)	74,565,786	61,710,288
	76,518,666	63,663,168

SCHEDULE - 3**Secured Loans****Term Loans**

i) From SIDBI			
Term Loan	4,500,000	23,168,200	
Interest Accrued but not due	9,279	4,509,279	124,545
ii) From Canara Bank		78,858,398	26,639,011
Working Capital Finance (Canara Bank)		104,109,560	56,473,267
Vehicle Hire Purchase Credit		5,720,262	2,209,025
	193,197,499		108,614,048

SCHEDULE - 4**Unsecured Loans**

From Bodies Corporate	20,978,223	67,404,724
	20,978,223	67,404,724

Schedule to Balance Sheet

SCHEDULE 5 -FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Assets	As at 31.03.2008	Additions	Sales	As at 31.03.2009	Upto 31.03.2008	For the Year	Adjust- ment	Total upto 31.3.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Freehold)	3,591,400	—	—	3,591,400	—	—	—	—	3,591,400	3,591,400
Tree Plantation	219,550	4,800	—	224,350	—	—	—	—	224,350	219,550
Factory Building	42,626,142	17,180,792	—	59,806,934	15,646,332	2,689,817	—	18,336,149	41,470,785	26,979,810
Road & Culvert	410,862	—	—	410,862	122,085	10,467	—	132,552	278,310	288,777
Plant & Machinery	3,034,593	—	1,599,576	1,435,017	1,377,850	230,072	847,426	760,496	674,521	1,656,743
Plant & Machinery	81,820,143	14,921,097	—	96,741,240	35,436,590	7,529,092	—	42,965,682	53,775,558	46,383,553
Pollution Control Equipment	30,085,119	27,492,413	—	57,577,532	9,131,891	3,969,659	—	13,101,550	44,475,982	20,953,228
Electric Installation	26,277,387	12,607,013	1,180,000	37,704,400	9,894,051	2,818,542	740,756	11,971,837	25,732,563	16,383,336
Motor Vehicles	3,579,536	1,457,623	—	5,037,159	2,055,635	731,998	—	2,787,633	2,249,526	1,523,901
Motor Lorries	0	—	—	—	—	—	—	—	—	—
Pay Loader	6,799,442	4,580,779	—	11,380,221	4,956,546	1,571,468	—	6,528,014	4,852,207	1,842,896
Furniture & Fixture	562,282	20,775	—	583,057	398,933	43,089	—	442,022	141,035	163,349
Computer	980,385	164,226	—	1,144,611	706,282	163,655	—	869,937	274,674	274,103
Water Supply & Tubewell	353,156	—	—	353,156	111,497	7,963	—	119,460	233,696	241,659
Others	14,608,485	25,322,841	—	39,931,326	5,510,559	1,922,741	—	7,433,300	32,498,026	9,097,926
Air Conditioner	456,154	—	—	456,154	161,416	39,897	—	201,313	254,841	294,738
Power Plant	14,144,058	—	—	14,144,058	4,675,508	1,451,529	—	6,127,037	8,017,021	9,468,550
Total	229,548,695	103,752,359	2,779,576	330,521,478	90,185,175	23,179,989	1,588,182	111,776,982	218,744,495	139,363,520
Previous Year	222,374,443	18,856,605	11,682,353	229,548,695	75,738,703	21,906,991	7,460,519	90,185,175	139,363,520	

SURAJ PRODUCTS LIMITED**Schedules annexed to & forming part of the Balance Sheet as at 31st March 2009**

	As at 31st March-09 (Rs.)	As at 31st March-08 (Rs.)
SCHEDULE – 6		
Investments : Long Term		
Other than trade: Quoted		
25000 units of Long Term Equity Fund Growth	250,000	250,000
NAV as on 31.3.09 Rs.187800 (Rs.298400 on 31.03.08)		
	<u>250,000</u>	<u>250,000</u>

SCHEDULE – 7**Inventories**

(As taken valued and certified by the Management)

Raw Materials	114,011,182	59,541,009
Iron Ore Fines	-	6,352,520
Finished Goods	7,289,649	12,952,895
Store & Spares	10,427,837	8,966,730
	<u>131,728,668</u>	<u>87,813,154</u>

SCHEDULE – 8**Sundry Debtors**

(Unsecured, Considered good)

Exceeding six months	7,096,356	7,746,908
Others	35,610,058	25,963,086
	<u>42,706,414</u>	<u>33,709,994</u>

SCHEDULE – 9**Cash & Bank Balances**

Cash in hand (as certified by management)	653,673	1,282,626
Cash at Bank with Scheduled Banks in - Current Accounts	730,962	1,322,874
Fixed Deposits including interest accrued thereon	10,668,216	7,632,186
	<u>12,052,851</u>	<u>10,237,686</u>

SCHEDULE – 10**Advances**(Advances recoverable in Cash or in kind
or for value to be received)

Balance With Revenue Authorities	12,763,695	12,059,944
Advances for Raw materials	16,789,241	37,987,176
Other Advances	2,853,879	2,085,236
Security Deposit	7,521,470	6,430,254
	<u>39,928,285</u>	<u>58,562,610</u>

Schedules annexed to & forming part of the Balance Sheet as at 31st March 2009

	As at 31st March-09 (Rs.)	As at 31st March-08 (Rs.)
SCHEDULE – 11		
Current Liabilities & Provisions		
Sundry Creditors		
Raw Materials & Stores	12,903,999	7,486,438
Capital Goods	9,476,739	10,412,365
Others	45,770,769	36,214,129
Advances from Customers	5,147,166	6,135,878
	73,298,673	60,248,810

SCHEDULE – 12
Provision

Provision for Taxation (Net of Advance Tax)	1,169,776	3,954,154
	1,169,776	3,954,154

Schedules annexed to & forming part of Profit & Loss Account for the year ended 31st March, 2009

	As at 31st March-09 (Rs.)	As at 31st March-08 (Rs.)
SCHEDULE – 13		
Other Income		
Interest Received	997,530	1,100,166
Profit On sale Of Assets	558,606	218,388
Profit on Foreign exchange Fluctuation	2,520,000	
Miscellaneous Income	943,698	174,832
	5,019,835	1,493,386

SCHEDULE – 14
Increase/ Decrease in Stock

Closing Stock	7,289,649	12,952,895
Less Opening Stock	12,952,895	4,925,175
	(5,663,246)	8,027,720
Less: Excise duty in Closing Stock	554,940	--
	(6,218,186)	8,027,720

SCHEDULE – 15
Cost of materials

Raw materials	59,541,009	15,267,129
Traded Items	6,352,520	5,608,375
Add : Purchase	487,967,215	417,306,606
	553,860,744	438,182,110
Closing Stock		
Raw materials	114,011,182	59,541,009
Traded Items	--	6,352,520
	114,011,182	65,893,529
	439,849,562	372,288,581

SURAJ PRODUCTS LIMITED

Schedules annexed to & forming part of Profit & Loss Account for the year ended 31st March, 2009

	For Year Ended 31.03.2009 (Rs.)	For Year Ended 31.03.2008 (Rs.)
SCHEDULE – 16		
Other Manufacturing Expenses		
Store & Spares Consumed	19,810,271	12,489,289
Power & Fuel	20,364,991	19,272,717
Repairs to Plant & Machinery	1,635,200	1,042,913
Repairs to Others	191,379	54,136
Insurance Charges	498,342	419,940
Others Expenses	528,353	942,128
	43,028,536	34,221,123

SCHEDULE-17

Payments to & Provision for Employees

Salaries, Wages & Bonus	4,431,952	4,594,599
Contribution to E.S.I	209,791	113,838
Contribution to P.F	351,443	314,719
Contribution to Gratuity fund	214,742	112,508
	5,207,928	5,135,664

SCHEDULE-18

Administrative & Selling Expenses

Rates & Taxes	1,391,498	1,718,995
Rent	175,870	187,968
Travelling & Conveyance	282,870	533,478
Vehicle Expenses	243,213	159,971
Telephone Expenses	510,542	496,141
Postage & Stamps	71,968	97,120
Statutory Audit Fees	40,000	40,000
Tax Audit Fees	10,000	10,000
Internal Audit Fees	20,000	20,000
Bank Charges	478,502	331,339
Periphery Development	891,414	1,394,026
General Expenses	1,208,084	1,001,114
Printing & Stationary	162,166	170,911
Share Listing & Handling Expenses	89,377	74,132
Security Service Charges	1,213,755	449,514
Loss on discard/sale of Fixed Assets	--	208,083
Carraige outward	2,798,780	--
	9,588,039	6,892,792

SCHEDULE-19

Financial Charges

Interest -Term Loan	5,520,799	6,197,901
Interest - Working Capital Loan	7,510,063	4,010,928
Interest - Others	4,190,400	2,070,354
	17,221,262	12,279,183

SCHEDULE – 20**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention on accrual basis of accounting 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.

2. 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.

3. Recognition of Income & Expenditure:

Sales are recognized on dispatch of goods to the customers. The sales value is inclusive of Excise Duty and net of Sales Tax/VAT. Expenses are accounted for on accrual basis and provision is made for all expenses.

4. Fixed Assets & Depreciation:

Fixed Assets are stated at cost of acquisition and subsequent improvement thereto inclusive of taxes, duties, freight and other incidental expenses related to acquisition, improvements and installation.

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 on or after 01.04.02 : Written down Value Method

Assets acquired prior to 01.04.02 : Straight Line Basis Method

- b) No depreciation is charged on the assets disposed off/discarded during the year.

5. Investments:

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

6. 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.
- c. Iron Ore Fines generated during crushing are valued at nil.

7. 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 except to the premium determined by Life Insurance Corporation.

8. Taxation:

Provision for current taxation and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961.

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.

9. Borrowing Cost:

Borrowing costs attributable to the acquisition or Construction of a qualifying asset are capitalized. Other borrowing costs are recognized as expense in the period in which these are incurred.

10. Impairment of Assets:

Impairment Loss is recognized whenever the carrying amount at each Balance Sheet date is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount.

11. 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.

12. Earning Per Share:

Basic Earning 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.

13. 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.

14. 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.

B. NOTES ON ACCOUNTS**1. Contingent Liabilities**

No provision is made in respect of the following: -

	As at 31.03.2009 (Rs. In Lacs)	As at 31.03.2008 (Rs. In Lacs)
(i) Disputed Demand of Sales Tax	34.62	34.62
(ii) Disputed Demand of Entry Tax (Orissa)	9.70	9.70
(iii) Estimated amount of contracts remaining to be executed on Capital Account (Net of Advance)	NIL	232.00
(iv) Bank Guarantees	32.77	12.02

The Management is hopeful of succeeding in above appeal/ disputes based on legal opinions/ precedents.

2. (i) Term Loans from SIDBI and Term Loan and Working Capital Loan from Canara Bank are secured by paripassu first charge on all the fixed assets of the Company's Plant at Barapali, Rajgangpur except as follows :
 - (a) SIDBI has exclusive first charge to the exclusion of Canara Bank on the Plant & Other Machinery, Pollution Control Equipments, etc. relating to sponge iron unit & Power Plant aggregating to Rs.987 lakhs.
 - (b) Canara Bank has exclusive first charge to the exclusion of SIDBI on Building, plant & machinery, pollution control equipments and other fixed assets of the Pig Iron Unit aggregating to Rs. 1613 Lacs, Hypothecation of Raw Material, Semi-finished & Finished goods, Stock in trade, Consumable Stores & Spares, Packaging Material & Book Debts, and Security of fixed deposits with the bank aggregating to Rs 54 lacs.
- (ii) The above loans are secured by personal Guarantee of two of the Directors.
3. To the best of Knowledge of the management, none of the units to whom the company owes is a SME & Micro Industrial Undertaking.

SURAJ PRODUCTS LIMITED

4. As per Accounting Standards – 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the names of the related Party are given below.

Key Managerial Person : Yogesh Kumar Dalmia, Chairman
Gagan Goyal, Executive Director.

Enterprises over which Key Management : (1) Narbada Innovative Products Pvt. Ltd.
Personnel/ Relatives have substantial interest : (2) Balbhadra Infratech Private Ltd.
(3) Vasundhra Metaliks Private Ltd.

The details of transactions between the company and the related parties during the year as defined in the Accounting Standard are given below.

Sl. No.	Name of the Party	Nature of Transaction	As at 31.03.09 (Rs. In Lacs)	As at 31.03.08 (Rs. In Lacs)
(i)	Y. K. Dalmia, Chairman Gagan Goyal	Salary	8.25 2.40	7.20 2.40
(ii)	a) Narbada Innovative Products Pvt Ltd. b) Balbhadra Infratech Pvt Ltd. c) Vasundhra Metaliks Pvt Ltd	Loan Taken	86.83 97.61 25.34	154.00 88.00 —
(iii)	Narbada Innovative Products Pvt Ltd. Balbhadra Infratech Pvt Ltd. Vasundhra Metaliks Pvt Ltd	Interest	6.09 9.59 0.42	6.58 6.36 —

5. 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:-

	AS AT 31.03.2009	AS AT 31.03.2008
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	0	0
B) Weighted Average Number of Equity Shares Outstanding during the Year	59,00,000	59,00,000
C) Net Profit After Tax Available for Equity Share Holders	1,28,44,864	1,09,35,891
D) Basic Earning Per Share (C / B) Rs.	2.18	1.85

6. Managerial Remuneration

	As at 31.03.2009 (Rs. In Lacs)	As at 31.03.2008 (Rs. In Lacs)
1) Y. K. Dalmia, Chairman	8.25	7.20
2) Gagan Goyal	2.40	2.40

7. a) Deferred Taxation

	As at 31.03.2009 (Rs. In Lacs)	As at 31.03.2008 (Rs. In Lacs)
Composition of Deferred Tax Assets / Liabilities		
Net Deferred Tax Liability as at commencement	183.23	176.90
Add : Deferred Tax Liability		
Unrecognized in the earlier year	NIL	NIL
Arising in the Current year	29.24	6.33
Net Deferred Tax Liability	212.47	183.23

- b) Information pursuant to the provision of Para 3,4C and 4D of the Part II of the Schedule VI of the Companies Act, 1956 (to the extent present and applicable to the company)

8. A. Capacity and Production

	Installed Capacity (M.T.)	Actual Production (M.T.)
Sponge Iron	36000 (36000)	21285 (23231)
Pig Iron	24000 (12000)	4594 (5337)

B. Quantitative details in respect of goods manufactured (MT/Rs.).

Item	Opening Stock		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value
1. Sponge Iron	239 (489)	3169592 (4829925)	21116 (23477)	336477731 (281048943)	408 (239)	5295794 (3169592)
2. Pig Iron	409 (6)	979064 (95250)	4890 (4934)	134747166 (105039917)	113 (409)	1886813 (9769064)
3. Iron ore Fines	677 (6985)	— (—)	60611 (39060)	80188543 (47846847)	— (677)	— (—)
4. Others	142	14239	2022 (6587)	232644 (5063667)	111 (142)	8894 (14239)

C. Material information in respect of Goods Traded (MT/Rs.)

Description	Opening Stock		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value
Iron Ore Fines	6758 (3867)	6352520 (5608375)	18130 (52596)	32043256 (75062878)	— (6758)	— (6352520)

SURAJ PRODUCTS LIMITED

D. Information in respect of major raw material consumption during the year (MT/Rs.). *

	Current Year		Previous Year	
	Qty	Value	Qty	Value
1. Iron Ore	43508	131590333	46471	184085869
2. Coal	44924	54837089	42026	60578748
3. Coke	5101	69277242	4890	53539388
4. Others		3519387		4379005

9. Value of Imports on CIF Basis/ Expenditure in Foreign Currency

	Current Year	Previous Year
Capital Goods	NIL	Rs.15.10 lacs
Others	NIL	Rs 00.42 lacs

10. FOB value of Exports	NIL	Rs.18.17 lacs
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11.. Previous year figure have been regrouped / rearranged wherever found necessary.

12. Figures for previous year have been given in brackets wherever applicable.

C. BALANCE SHEET ASBTRACT AND COMPANIE'S GENERAL BUSINESS PROFILES
(As per the Schedule – VI, Part – IV of the Companies Act, 1956)

(I) Registration Details

Registration No.	02865
State Code	15
Balance Sheet Date	31.03.2009

(II) Capital raised during the year

(Amount in Lacs)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

(III) Position of mobilization and deployment of funds

Total Liabilities	3709.31
Total Assets	3709.31

Sources of Funds

Paid up Capital	590.00
Reserves & Surplus	765.08
Secured Loans	1931.97
Unsecured Loans	209.78
Deferred Tax Liability	212.47

Application of Funds

Net Fixed Assets including Capital work In Progress	2187.44
Investments	2.50
Net Current Assets	1519.37
Capital work In Progress	NIL

(IV) Performance of Company

Turnover (Including other income)	6132.72
Total Expenditure	5931.30
Profit / (Loss) before Tax	201.41
Profit / (Loss) after Tax	128.45
Earning per share	2.18
Dividend Rate (%)	Nil

(V) Generic Name of Products/Services of the Company

Item Code No. (ITC Code)	003303
Product Description	Sponge Iron/Pig iron

As per our report attached
 For **RUSTAGI & CO.**
Chartered Accountants
 Sd/-
(ASHISH RUSTAGI)
 Partner
 Membership No.062982

For & on behalf of Board of Directors
 Sd/-

Y. K. DALMIA
 CHAIRMAN
 Sd/-

S. N. KABRA
S. DALMIA
 DIRECTOR
 Sd/-

G. GOYAL
 EXECUTIVE DIRECTOR

Place : Barpali
 Dated: the 8th day of July , 2009

SURAJ PRODUCTS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the Year Ended 2009	For the Year Ended 2008
A Cash Flow from Operating Activities		
Net Profit before Tax and extra ordinary items	20,152,307	17,309,445
Adjustment for		
Depreciation	23,179,989	21,906,991
Profit on sale of Investments	--	(218,388)
(Profit) /Loss on sale of Assets	(558,606)	208,083
Financial charges	17,221,262	12,279,183
Operating Profit before Working Capital	59,994,952	51,485,314
Adjustment for		
Trade & Other receivable	(8,996,420)	(10,042,757)
Inventories	(43,915,514)	(56,612,434)
Increase/Decrease in Advances	18,634,324	(33,694,887)
Other Current Assets	2,135,670	5,790,330
Trade Payable	13,049,863	20,558,537
Direct Tax Paid	(7,156,570)	(2,024,996)
Net Cash from Operating Activities	33,746,304	(24,540,893)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(103,752,359)	(18,856,605)
Sale of Fixed Assets	1,750,000	4,013,750
Sale of Investments	--	618,388
Capital W.I.P	49,135,532	(35,237,958)
Net Cash from Investing Activities	(52,866,827)	(49,462,425)
C Cash Flow from Financing Activities		
Proceeds from Long -Term Borrowing	84,583,450	22,519,255
Proceeds from Short -Term Borrowing	(46,426,501)	55,078,548
Creditors For Capital Goods	--	6,391,645
Financial charges paid	(17,221,262)	(12,279,183)
Net Cash Flow from Financing Activities	20,935,687	71,710,265
Net Cash Flow during the Year(A+B+C)	1,815,165	(2,293,053)
Cash and Cash Equivalent (Opening Balance)	10,237,686	12,530,739
Cash and Cash Equivalent (Closing Balance)	12,052,851	10,237,686
	1,815,165	(2,293,053)

Auditor's Certificate

We have examined the attached Cash Flow Statement of M/s.Suraj Products Limited for the year ended 31st March 2009. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement and is based on and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report on to the members of the Company. Previous year figures have been regrouped/rearranged wherever found necessary to make them compareable with relevant current year figure.

As per our report attached
For **RUSTAGI & CO.**
Chartered Accountants
Sd/-
(ASHISH RUSTAGI)
Partner
Membership No.062982

For & on behalf of Board of Directors
Sd/-

Y. K. DALMIA
CHAIRMAN

Sd/-
S. N. KABRA
S. DALMIA
DIRECTOR

Sd/-
G. GOYAL
EXECUTIVE DIRECTOR

Place : Barpali
Dated: the 8th day of July , 2009

SURAJ PRODUCTS LIMITED

Regd. Office :

Vill : Barpali, Post : Kesaramal (Rajgangpur

Dist : Sundergarh-770017, Orissa

PROXY FROM

Folio No. _____

I/We _____ of _____

_____ being a Member/Members of SURAJ PRODUCTS LIMITED

hereby appoint _____ of _____

In the District of _____ or failing him _____

of _____ in the District of _____

as my/our proxy attend and to vote for me/us on my/our behalf at the annual General Meeting of the Company to be the 30th September, 2009 and at any adjournment thereof.

Signed at this Days of 2009.

Affix
Re. 1/-
Revenue
Stamp

Note : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time holding the meeting.

SURAJ PRODUCTS LIMITED

Regd. Office :

Vill : Barpali, Post : Kesaramal (Rajgangpur

Dist : Sundergarh-770017, Orissa

ATTENDANCE SLIP

Full Name of the Shareholders _____

Signature _____

Folio No. _____

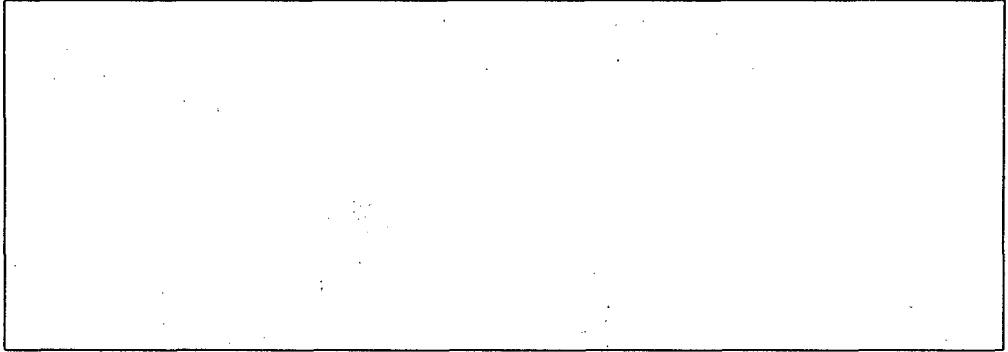
If Proxy _____

Full Name is Block Letter

Signature _____

Note : If attending please bring this form duly completed at the time of Meeting.

BOOK - POST



If undelivered please return to :-

Suraj Products Limited

59, N.S. Road, 1st Floor
Kolkata - 700 001