

**SURANA**  
**INDUSTRIES LIMITED**



®

**NINETEENTH ANNUAL REPORT 2009 - 2010**

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**BOARD OF DIRECTORS:**

Shri. G.R. SURANA	: Chairman
Shri. DINESHCHAND SURANA	: Managing Director
Shri. V.M. SWAMI	: Whole Time Director - Finance
Shri. KRISHNA UDUPA	: Director - Project
Dr. B. SAMAL	: Director
Dr. S.K. GUPTA	: Director
Shri. K.N. PRITHIVRAJ	: Director
Shri. V. ARANGANATHAN	: Director
Shri. K. BIJU GEORGE	: Nominee Director (IDBI)
Shri. B.S. PATIL	: Additional Director

**MANAGEMENT:**

Shri. T.V. LAKSHMINARAYANAN	: Chief Executive Officer, Integrated Steel Plant, Raichur
Shri. L.M. RAO	: Technical Director, Integrated Steel Plant, Raichur
Shri. RAJESH SURANA	: Executive Director
Shri. MAHAVEER SURANA	: President - Finance
Shri. RAJIV SURANA	: Senior Vice President - Marketing (Raichur)
Shri. DEEPAK SURANA	: Senior Vice President - Marketing (Gummidipoondi)
Shri. K. VIJAY KUMAR	: Head - Marketing Research
Shri. K. SRINIVAS RAO	: General Manager - DRI, Raichur
Shri. D. RAMBABU	: General Manager - Accounts, Raichur
Shri. R.K. JINDAL	: General Manager - SMS, Raichur
Shri. K. NARAYANA	: General Manager - HR
Shri. Ajay Shukla	: Joint General Manager
Shri. GOVIND .D	: Vice President - Procurement
Mrs. L.R.M. SRIPRIYADARSHINI	: Company Secretary
Shri. K. KARUPPUDAIYAR	: Legal Adviser
Shri. V.K. VENKAT RAO	: Assistant Vice President - Exim
Shri. B. SUDHARSHAN	: Assistant Vice President - System Incharge

**STATUTORY AUDITORS:**

M/s. C.S.P JAIN & CO.,  
Chartered Accountants  
No.60 NSC Bose Road,  
Chennai 600 079

M/s. R. Subramanian & Co.  
Chartered Accountants  
No.6 Krishnaswamy Avenue,  
Luz, Mylapore,  
Chennai 600 004.

**REGISTERED-CUM- CORPORATE HEAD OFFICE:**

No.29, Whites Road, 2nd Floor,  
Royapettah, Chennai 600 014.

**BRANCH OFFICE:**

303, Rituol Park, Arumugam Circle,  
Basavanagudi, Bangalore - 560 004.

**BANKERS:**

<b>ALLAHABAD BANK</b>	: 41, Mount Road Branch, Chennai - 600 002.
<b>BANK OF BARODA</b>	: 27, Gopalakrishnan Street, T. Nagar, Chennai - 600 017.
<b>BANK OF INDIA</b>	: Chennai Corporate Banking Branch, IV th Floor, Tarapore Tower, 826, Anna Salai, Chennai - 600 002.
<b>CANARA BANK</b>	: 48, Anna Salai, Teynampet, Chennai – 600 018
<b>CENTRAL BANK OF INDIA</b>	: Addison Building Mount Road, Chennai -600 002.
<b>IDBI BANK LTD.</b>	: No.115, Anna Salai, Saidapet, Chennai - 600 015.
<b>INDIAN OVERSEAS BANK</b>	: 98-A, Dr. Radha Krishnan Salai, Chennai - 600 004.
<b>ORIENTAL BANK OF COMMERCE</b>	: 83, Dr. Radha Krishnan Salai, Mylapore, Chennai - 600 004.
<b>PUNJAB NATIONAL BANK</b>	: 35, Mint Street Branch, Sowcarpet, Chennai - 600 079.
<b>STATE BANK OF INDIA</b>	: Industrial Finance Branch, No. 157, Anna Salai, Chennai - 600 002.
<b>SYNDICATE BANK</b>	: Corporate Finance Branch, 170, Eldams Road, Teynampet, Chennai - 600 018.
<b>UCO BANK</b>	: Flagship Corporate Branch, PLA Towers, 212, Anna Salai, Chennai - 600 006.

**FACTORY**

- 1) F-67, 68 & 69, SIPCOT Industrial Complex, Gummidipoondi 601 201. Tamil Nadu
- 2) Plot No. 231-234, Raichur Growth Centre, KIADB, Raichur District, Raichur - 584 102, Karnataka (Integrated Steel Complex)

**WORKS**

- 1) No.30, GNT Road, Madhavaram, Chennai - 600 110.
- 2) No.144, Kondakarai (NTPC) Road, Ponneri Taluk, Chennai - 600 120.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Nineteenth Annual General Meeting of Surana Industries Limited will be held at the Hotel GRT Grand, Convention Centre No.120, Soundarapandian Road, (Thiyagarayar Road), T.Nagar, Chennai 600 017 on Thursday, 10<sup>th</sup> June, 2010 at 12.00 Noon to transact the following Business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March,2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend for the year ended 31st March, 2010.
3. To appoint a Director in place of Shri.V.Aranganathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri.K.N.Prithviraj, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Joint Auditors M/s. C.S.P. Jain & Company and M/s. R.Subramanian & Company , Chartered Accountants for the year 2010-2011 of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.B.S. Patil, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act,1956 , to hold office up to the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from the member proposing his candidature for the office of the Director, be and is hereby appointed as a Director, liable to retire by rotation under the Articles of Association of the Company."

By Order of the Board

**For SURANA INDUSTRIES LIMITED**

**DINESHCHAND SURANA**  
Managing Director

Place: Chennai  
Date: 15.05.2010

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT A BE A MEMBER. PROXY FORMS, IN ORDER TO BE VALID SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring the attendance slip duly filed in for attending the meeting.
3. Members are advised to quote the Registered Folio Number in all correspondence with the Company.
4. All documents referred to in the above notice are open for inspection at the registered office of the Company during office hours.
5. The register of members of the company will remain closed from 03.06.2010 to 10.06.2010 (both days inclusive).
6. The dividend, if approval, will be paid on or after 10<sup>th</sup> June, 2010 to those members (or their mandatories) whose names appears in the Company's register of members on 02.6.2010. In respect of demat shares, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the depositories for this purpose.
7. Members are requested to contact the Registrar and Transfer Agent for all matters relating to Company's Shares at:  
  
M/s. Cameo Corporate Services Limited.  
No.1, Club House Road, 5<sup>th</sup> Floor,  
"Subramanian Building",  
Chennai - 600 002.
8. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agents to facilitate better services:
  - i. Any change in their address, mandates, bank details.
  - ii. Share Certificates held in multiple accounts names or joint names in the same order of names for consolidation of such shareholding into one account.
9. Dividend for the financial year ended 2003 which remains unpaid and unclaimed, will be due for transfer to the Investor Education and Protection Fund of

Central Government in October, 2010 pursuant to provisions of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) for the earlier financial year(s) are requested to approach Company's Registrar and Share Transfer Agent for duplicate warrants.

10. Explanatory Note for the above item is attached herewith for the information of the shareholders.

By Order of the Board  
**For SURANA INDUSTRIES LIMITED**

**DINESHCHAND SURANA**  
Managing Director

Place: Chennai  
Date: 15.05.2010

**ANNEXURE TO NOTICE**

**Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956**

**ITEM NO. 6 : Appointment of Shri B S Patil as Director of the Company:**

The Board of Director of the Company in its Meeting held on 28.10.2009 appointed Shri.B.S. Patil, I.A.S(Rtd) as an Additional Director of the Company pursuant to Articles of Association of the Company. In terms Section 260 of the Companies Act,1956, read with Articles of Association of the Company Shri. B.S. Patil, will hold office of Additional Director up to the ensuing Annual General Meeting . The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 , signifying his intention to propose the candidature of Shri. B.S. Patil, as a Director of the Company. Accordingly, your approval is solicited for his appointment as a Director liable to retire by rotation.

None of the Directors except Shri. B.S. Patil, the appointee himself, is concerned or interested in this resolution.

By Order of the Board

**For SURANA INDUSTRIES LIMITED**

**DINESHCHAND SURANA**  
Managing Director

Place: Chennai  
Date: 15.05.2010

## DIRECTORS' REPORT

The Directors have great pleasure in presenting you with the 19<sup>th</sup> ANNUAL REPORT of the Company, together with the Audited Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the year ending on 31st March, 2010.

### 1. Financial Results

The Financial Results of the Company for the year under review is summarized below for your perusal and consideration.

	2009-2010	2008-2009
	(Rs. in lacs)	
Turnover	94501.80	87113.43
Profit before Tax and Depreciation	6247.16	6226.00
Profit before Tax	4043.93	4996.98
Provision for Current Year Tax + FBT	765.08	631.58
Deferred Tax Provision	-193.00	1115.83
Profit after Taxes	3471.30	3249.57
Proposed Dividend	407.25	302.25
Dividend Tax	69.21	51.36
Transfer to General Reserves	347.13	324.96
Balance carried forward from previous year	10617.03	8046.03
Balance Carried Forward to Balance Sheet	13264.74	10617.03

### Financial Performance

Directors are pleased to state that the Company achieved total sales of **Rs.945.02 crores** for the year ending on 31st March, 2010 as compared to Rs.871.13 crores in the previous year.

Profits after taxes amounted to **Rs. 34.71 crores** as compared to Rs. 32.49 crores for the previous year.

Constant efforts are being made to improve the working of the Company by achieving greater efficiency in operations and overall cost reduction.

### 2. Key Ratios

The salient features of the performance of the Company can be seen from the following key ratios:

Particulars	2009-2010	2008-2009
Earning Per Share (Rs)	16.73	17.20
Dividend Per Share (Rs)	1.50	1.50
Dividend Payout Ratio (%)	11.72	9.30
Return on Net Worth (%)	6.60	12.08

### 3. Global Steel Industry Performance

It was estimated that in 2009 the global Crude Steel Production would be around 1194 Million Tonnes, the major producers being China (519 Million Tonnes), European Union (200 Million Tonnes), Japan (114 Million Tonnes), United States (92 Million Tonnes), and India (57 Million tonnes) among others.

During the period January 2009 to November 2009, global crude steel production reached a level of 1088 Million tonnes, a decline of around 11% on a year to year basis. Among the top five steel producing countries, China and India were the only countries which registered a positive growth during this period. China registered the highest growth in crude steel production at 13% on a year to year basis.

Considering the cumulative crude steel production, top crude steel producing countries like Japan, Russia and US registered negative growth. Crude Steel Production in Japan, Russia and US declined by about 29.4%, 18.4% and 39.6% on a year to year basis respectively.

During the same period India became the fifth largest crude steel producer with the production of about 51.2 million tonnes registering a growth of 1.4% on a year to year basis. India's Crude Production recorded a growth of about 5% on a year to year basis in the month of February, 2010 while China recorded a growth of about 22% during the same month.

As per the revised figures indicated by the Joint Plant Committee, domestic crude steel production increased to 52.20 million tonnes by the end of the first ten months of the financial year ending 31st March, 2010 registering a growth of about 7.20% on a year to year basis. Considering the first ten months of the fiscal year 2010, the overall domestic steel consumption registered a robust growth of 9.1%. The flat products category recorded a double digit growth of 12.3% on year to year basis. Share of flats and long products in the overall domestic steel demand was almost equal at 48% each while the rest was contributed by the others category.

In the month of January 2010, prices of both long and flat products have increased on a month to month basis. Average prices of long products increased by around 4% while that of



flat products increased by around 2% to 3%. Momentum in the demand for long products from the real estate and infrastructure segment supported the price rise from the steel manufacturers.

India continued to remain the net importer of the finished steel to the tune of about 2.9 million tonnes in the first ten months of the fiscal year 2009-2010. During the same period imports grew by 14% while the exports were down by about 35%. Imports of steel products were dominated by the flats category which showed an increase of approximately 12% on a year to year basis.

#### **4. Domestic Steel Industry Scene**

##### **4.1 Raw Materials**

During 2009-2010 there has been an upward movement in iron ore prices. In Karnataka, the supply of iron ore was affected due to closure of certain iron ore Mines due to disputes between the Government of Andhra Pradesh and some of the iron ore producers. During January 2010, the National Mineral Development Corporation increased iron ore prices by 15%. Coking Coal prices have also been revised upwards. This has resulted in the final cost of production going up.

##### **4.2 Transport Issues**

There have been a number of transport bottlenecks that the Company had to deal. Regular iron ore ferrying was difficult and not up to the mark due to Raichur being a small town in the interior of Karnataka. This increased the input costs of the Company. Moreover, due to unusually heavy rains in the area, the mining of Iron Ore was affected to a large extent.

##### **4.3 Allotment of Iron Ore Mines**

The Company has already applied for allotment of Iron Ore Mines to the Government of Karnataka. The matter is under their active consideration. Meanwhile, the Company has made arrangements for the purchase of Iron Ore from private parties and enough supplies have been assured at reasonable prices.

##### **4.4 Coal Supplies**

As indicated to the members earlier, the Company has a Joint Venture arrangement with a Malaysian Company through the purchases of shares of that particular company.

The Company has finalized arrangements for investing approximately Rs.50 crores in the Venture, which will fully meet the requirements of Coal for the Raichur Plant. Further, the Indonesian Mines will also supply coal to SURANA POWER LIMITED for its 35 MW Power Plant.

#### **5. Operational Issues**

##### **5.1 Gummidipoondi Plant**

The Gummidipoondi Plant was facing a very tough time during 2008-2009. From June 2008 onwards there was a 40% power cut for the industries in Tamil Nadu and this situation continued for most part of 2009-2010. This crippled the operations of the plant which reduced the overall production capacity. The situation returned to normal recently, but will not continue for long and the power cut is likely to revert back to the original 40% power cut situation, during the year 2010-11.

##### **5.2 Raichur Plant**

There were unprecedented rains in the Raichur area in the month of September-October, 2009, which were unheard off in the last 100 hundred years in Northern Karnataka Area. The Raichur Town and Industrial Area, where the plant is located was under 5 ft deep water for a number of days. As a result some of the vital equipments for the Rolling Mill, Power Plant and Steel Melting Shop were affected. Production for fifteen days in the month of October, 2009 came to a standstill.

Further due to these heavy rains, movement of iron ore from Bellary was affected to a great extent, resulting in disruption in the supply of raw materials to the plant further affecting production.

#### **6. Raichur Integrated Steel Plant**

The Directors are pleased to state that the upgrades to the Raichur integrated steel complex have been completed and implemented. The integrated steel complex consists of the following production segments:

- Direct Reduction of Iron (DRI) Plant for production of Sponge Iron
- Steel Melting Shop
- Rolling Mill

The DRI Plant has been working in full swing. For the year ending on 31st March, 2010, the total production of sponge iron was around 52,878 tonnes.

## 7. Surana Wind Mill Division

The Wind Mill Division of the Company has been doing well. The Company has 8.2 wind mills in the Tirunelveli district of Tamil Nadu. Out of the 8.2 wind mills, 1 wind mill has the capacity to produce 0.65MW and the remaining 7.2 wind mills are having a total capacity of 10.8 MW i.e., 1.5 MW each.

Total cost of the project for 7.2 wind mills was approximately Rs. 72 crores. This was financed out of term loans from banks to the extent of Rs. 60 crores and the balance amount were met out of the Company's revenue generation. Apart from this one more wind mill with a capacity of 0.65 MW was established in the year 2002.

During the financial year ended 31st March, 2010 the wind mills produced a total of 2, 24, 60,344 units of electricity as against 1, 63, 46,669 units during the previous year.

Besides captive consumption, the Company was also able to export the surplus electricity to the Electricity Board thus gaining through this process. The wind mills have a life span of 25 Years. Thus, there will be enormous benefits to the Company in the years to come.

## 8. Subsidiaries

### 8.1 Surana Power Limited

The captive power plant at the Raichur plant site has been hived off to our subsidiary company **Surana Power Limited**. It may be recalled that the sale of 35MW Power Plant to Surana Power Limited, the wholly owned Subsidiary of the Company was approved by the shareholders through postal ballot; the results thereof were announced on the 21st October, 2009.

The total value of the assets of the 35 MW Power Plant was Rs.236.52 crores, as appraised by Axis Bank. By hiving off, Surana Industries Limited received the amount from Surana Power Limited as under:

By way of shares in Surana Power Limited	Rs.67.77 crores
Proceeds of Bank Loan	Rs.168.75 crores
Total Consideration amount	Rs.236.52 crores

Out of the amount of Rs. 168.75 crores, the Company has repaid to the banks a sum of around Rs. 89 crores being the term loan component meant for the 35 MW Power Plant. Out of the remaining amount, a sum of Rs. 70 crores has been invested by the Company back into the share capital of Surana Power Limited as per the original estimated investment plans.

### Total Project Costs and Means of Financing

Surana Power Limited is setting up Thermal Power Plants with aggregate capacities as under:

Two 210 MW Power Plants	420 MW
(Acquired 35 MW Power Plant from Surana Industries Limited)	35 MW
Total Capacity	455 MW

The project report was prepared by M/s M. N. Dastur & Company Private Limited, who are leading industrial consultants. The total cost of the project was assessed as under:

	(Rs. In Crores)
For 2 x 210 MW Thermal Power Plant	2400.00
For 35 MW Power Plant value (assessed By AXIS BANK)	236.52
<b>Total Cost of the Project</b>	<b>2636.52</b>
<b>Means of Financing</b>	
Equity Funds	667.77
Term Loans sanctioned to Surana Power Limited	1968.00
<b>Total Funds tied up</b>	<b>2636.52</b>

The IDBI Bank Limited, Mumbai appraised the proposal and agreed for syndication for the entire term loans required for 420 MW. The total amount of loans which have been tied up is approximately Rs.1800 crores. IDBI Bank will be the major financier. Apart from this, Punjab National Bank, UCO Bank, Allahabad Bank, State Bank of Patiala, L & T Infrastructure Finance Co Ltd, and few other banks have agreed to participate.

For acquiring 35 MW, Surana Power Limited has obtained a term loan of Rs. 168.75 crores from UCO Bank and they have paid this amount to Surana Industries Ltd. as purchase consideration. Surana Industries Ltd. will be contributing Rs. 659 crores towards the equity of Surana Power Limited. The sum of Rs.659 crores is being contributed as under:

	(Rs. In Crores)
Equity from Overseas Partners	300.00
Contribution of Surana Industries Limited	367.77
Total Equity Contribution	667.77

Equity Contribution of Rs.359 crores from Surana Industries Limited has been arranged as under:

	(Rs. In Crores)
Promoter group contributing by subscription of Warrants.	167.75
Equity from Surana Industries Limited on account of Sale of 35 MW Power Plant.	67.77
Equity from Overseas Joint Venture Partners supplying coal to Surana Power Limited	40.00
Investment out of surplus from sale of 35 MW Plant by Surana Industries Limited	70.0
Value of Land given by Surana Industries Limited	22.25
Total Equity Contribution	367.77

It may thus be observed that the entire equity contribution for Surana Power Limited is being made by foreign investors as well as Surana Industries Limited without affecting the revenues of Surana Industries Limited. Also, the total equity

to be invested in Surana Power Limited inclusive of the Foreign Investments will be around Rs. 659 crores.

### 8.2 Surana Mines and Minerals Limited

As indicated earlier, Surana Mines and Minerals Limited was established as a Subsidiary Company of Surana Power Limited. This company was incorporated in Singapore and is engaged in the task of acquiring mining rights for excavating coal from Indonesian Mines and exporting the same to Surana Power Limited. Thus, Surana Power Limited is assured of regular supply of Indonesian Coal.

### 8.3 Surana Green Power Limited

The Company has established another subsidiary company under the name Surana Green Power Limited. This company was incorporated on 3rd March, 2010. The main objectives of the company is to generate and distribute energy using non-conventional and renewal sources including wind energy, solar energy, hydro, wave, tidal, ocean, geo thermal, bio mass hydrogen and fuel cells and other sources of inputs.

Initially this Company will acquire around 20 wind mills. They will also put up plants for generating Solar Energy. Details of these projects are being worked out and wherever required the Company will obtain the requisite approval from the shareholders.

## 9. Future Outlook

The World Steel Association in its Short Range Outlook (SRO) for 2010 and 2011 forecasts that apparent steel use will increase by 8.05% to 1,295 mmt in 2010 and 1383 MMt in 2011, after contracting by -6.7% in 2009. This represents an improved figure over the autumn 2009 forecast for both 2009 and 2010. With these projections, world steel demand in 2010 will exceed pre-crisis levels of 2007. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand.

The World Steel Production and Consumption have recorded a continuous increase since 1995. There was a remarkable increase in the growth rate with the start of the 21st Century. According to economists, the growth trend is likely to continue well past these years with global production and consumption estimated to increase at least at a rate of 6% per annum.

The domestic steel consumption registered a robust growth of 9.1%. As regards to long products viz. bars and rods, the total production in the country for ten months amounted to 1,83,34,000 tonnes.

India is also poised for a leap in steel consumption and production. During 2006-2007 the estimated production of steel in India was 50 Million tonnes which is around 50 Kg per capita. This in itself is a marked increase from per capita consumption of 24 Kgs in 1995. Earlier, the National Steel Policy projected that Indian Crude Steel Production will be 110 Million tonnes per annum and domestic consumption will be 90 Million Tonnes per annum by 2019 – 2020, considering a moderate growth rate of 7% to 8%. This will mean per capita consumption will rise to approximately 80 Kgs.

However, the National Steel Policy has revised the Crude Steel Capacity as 200 Million Tonnes by 2020 out of which 60% is expected to come through Blast Furnaces, 33% through Direct Reduction – Electric Arc Furnace and the balance through other routes. This has to be met by expanding capacity of the existing plants as well as Green Field Steel Plants. Large Steel Plants have adopted the Blast Furnace route. New steel plants, particularly of smaller capacity, have adopted Direct Reduction route, mainly because of environmental concerns, expensive coking coal of which reserves are depleting and comparatively inexpensive and abundantly available non coking coal. Converting sponge iron into liquid steel in Induction Furnaces and further processing to produce bars to meet the regional requirements has become a profitable venture.

Though a number of green field steel plants have been announced, because of various constraints there is likely to be delay in creation of new capacities. Thus, the supply side may not meet the growth in domestic demand.

## **10. Management Discussion and Industry Analysis**

Until recently the Company was mainly engaged in the secondary steel sector producing TMT Bars, Cold Twisted Deformed Bars, Mild Steel Ingots, and Mild Steel Structural etc. The Directors are pleased to state that the Company has also been procuring Hot Rolled Coils, Structural items and processing into Cold Rolled Sheets/Plates, cut to size ensuring value addition.

During 2001-2002 the Company went for modernization, adding facilities for producing TMT Bars. During 2004-2005 the Company added an Induction Furnace with a capacity of 30,000 tonnes for the production of Mild Steel Ingots. Now the Company has established an Integrated Steel Complex in Raichur by setting up DRI plants for the production of Sponge Iron, Steel Melting Shop for the production of Billets, Captive Power Plant for the generation of Electricity and the Rolling Mill for the production of Special Steels.

### **10.1 Opportunities**

Post the liberalization era, due to various initiatives taken by both the Government of India and major steel companies (both private and public), the steel production capacity has increased substantially in the country. The production is expected to touch 200 million tonnes (to be finalized) by the year 2020. Our country has the necessary iron ore for production of steel.

Due to expected increase in infrastructure activities, the demand for steel is bound to go up significantly. This will benefit all steel producers including the Company. However, the demand for steel products, being cyclical in nature, global happenings will affect the Industry to a certain extent.

### **10.2 Threat Perception**

The Directors feel that the Company will have to gear up its marketing activities so as to compete effectively with the established producers. Marketing of Alloy Steel and Special Steels needs a lot of concerted efforts and experience. In the Raichur steel plant, the Company will be manufacturing Special Alloy Steels which are mostly meant for Automobile Manufacturers who will demand strict adherence to the quality of the products. Therefore, it is essential for the Company's marketing team to aggressively and effectively market the products.

Similarly, in the case of TMT Bars, there can be good competition from the various producers. Builders and contractors are the ultimate end users of TMT Bars and it is necessary for the Company to aggressively market these products.

Shortage of quality raw materials, surging freight costs and escalation of the costs of inputs, fuels etc. will continue to keep the cost of production high for steel manufacturers. Further, in regards to financial implications, there can be

threat perceptions in hardening of interest rates which will also pose a problem for the Company. The Company has not received any major reduction in the interest rates on the loans. At the same time, due to tough competition it would be difficult for the Company to pass on the entire cost push to the Customers by way of increased finished steel prices. Faced with aggressive marketing strategy and cost cutting initiatives, the Company constantly reviews/monitors the costs of various inputs and finds out ways (either technological or commercial) to reduce the cost of steel production, wherever it is possible. The Directors have been taking requisite measures to overcome various impediments which may come in the way of smooth functioning of the Company.

The Company also undertakes Cold Rolling operations. There is a good margin available on these transactions. The Company procures materials mainly from Rashtriya Ispat Nigam and Steel Authority of India and after cold rolling, sells the same in the market.

### **10.3 Risk Perception**

The Directors are constantly assessing the business risks pertaining to the performance of the Company. The following are the important risks perceptions:

- Quality Maintenance of the End Products.
- Adequate Supply of Raw Materials.
- Adequate Power Supply.
- Transport Bottlenecks.
- Sudden Increase in Prices of Inputs.
- Customers Default.
- Inadequacy of Finance Arrangement.
- Statutory Policies.
- Events Due to Unforeseen Circumstances.
- Global Recession.

The Directors are fully conscious of the various business risks and have taken adequate care to tackle any situation. Strict controls are enforced on the quality front and all other matters for smooth operation of the steel plants.

### **10.4 Internal Control System and Their Adequacy**

The Directors are pleased to state that the Company has a very good internal control mechanism. All transactions are subjected to strict scrutiny. The Company has appointed Internal Auditors who regularly audit the various transactions in the company and report back to the Management about any deficiencies noticed. There is a system of monthly review

of the performance of the Company at the highest level. The following aspects are monitored.

- Actual production achieved vis-à-vis Targets.
- Sales vis-à-vis Targets.
- Reasons for deviations from targets.
- Inventory Holding.
- Realization of Book Debts and NPAs.
- Identification of slow moving items.
- Expenditure control.
- Cost analysis of various inputs.
- Power and oil consumption.
- Bank limits and drawings their against.
- Monthly budgets and their analysis.

Accordingly, strategies are drawn to improve upon the working of the company.

### **10.5 Implementation of International Financial Reporting standards**

The Directors are pleased to state that the International Financial Reporting Standard will be compulsory from the year ending 31st March, 2011 and the Company will have fully geared up its activities to meet these standards.

### **10.6 Implementation of SAP-ERP**

The Directors are pleased to state that the SAP-ERP system has been fully implemented in the Company. All transactions of the Gummidipoondi Operations are through the SAP-ERP system. The SAP-ERP system integrates the operations of the Company. As a result, quick responses to problems are received by the service providers. Prompt feed back is also available from the customers. Inventory control is better managed as a result of the implementation of SAP-ERP. Information about SAP-ERP is available online.

### **10.7 Human Resources**

The Company has been giving due attention for the development of Human Resources. A trained and motivated employee is the backbone of the Company. Adequate attention is given to this aspect. The Company has been recruiting trained, experienced and qualified personnel for its Raichur Project. The Company is fully aware of the necessity for the same. Special attention is given to recruit trained and experienced personnel not only in the production department but also in marketing and finance and accounts. Motivation

is the most important factor. The Company strives very hard to do the same.

### **10.8 Aspirations of the Share holders**

The Board is fully aware of the excellent support given to the Company by its esteemed shareholders. Their valuable suggestions and guidance have given the Directors much impetus for undertaking constant review of the Company's working and its growth. The Directors are all the time considering the necessity of adding value for the shareholder's wealth.

### **10.9 Corporate Governance**

The Directors pay special attention to ensure that the guidelines given for the corporate governance are strictly adhered to. All possible steps are being taken to this effect. The Directors are also fully aware of their responsibilities towards:

- Shareholders of the Company.
- Customers of the Company.
- Government of India, State Governments, as well as various statutory bodies for following strictly, their rules and regulations.
- Implementation of Government Guidelines.
- Strict adherence to the Environmental Regulations and Guidelines.
- Following strictly the various labor laws.
- Ensuring transparency.
- Strict abeyance of all the Rules and Regulations of SEBI and Stock Exchanges and also Company Authorities.
- Corporate Social Responsibility.

Certificates of the Auditors of your Company regarding compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is attached. A separate report on the Corporate Governance is also annexed as part of the Annual Report.

### **10.9(a) Your Company is fully aware of Corporate Social Responsibility**

In this connection we would like to state that when the entire factory area and Wadaloor village was flooded owing to heavy rains during October, 2009 your company undertook a number of helpful measures. Drinking and food items were

supplied freely to all the nearby villages. Further we have also decided to setup a separate fund to undertake extensive plantation in and around the factory to promote Eco Friendly activities. The company has also plans to start training school in Raichur District to give free training programmes to deserving students of the local area and ultimately offering them employment also.

### **10.10 Depository System / Dematerialization of Shares**

As indicated in the last Annual Report, the Company has entered into Tripartite Agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (I) Ltd (CSDL) along with Registrars M/s Cameo Corporate Service Ltd, Chennai for providing electronic connectivity for dematerialization on the Company's shares facilitating the investors to hold the shares in electronic form and trade in those shares. The shares of your Company are being traded now in Stock Exchanges under compulsory demat form.

### **10.11 Listed with the Stock Exchanges**

The Directors are pleased to state that the Company shares are now being traded in the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

### **11. Auditors**

M/s C.S.P. Jain & Co. Chartered Accountants, Chennai and M/s R.Subramanian & Co. Chartered Accountants, Auditors of the Company retire from their Office. They are however eligible for reappointment.

### **12. Additional Information**

#### **12.1 Dividends**

The Directors are pleased to recommend a Dividend payment of Rs. 1.50 per share on the Equity Capital of the Company as on 31st March, 2010 on pro-rata basis.

#### **12.2 Conservation of Energy and Technology Absorption**

A statement containing the particulars relating to conservation of energy, research and development and technology absorption as required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988 are annexed herewith.

### **13. Directors**

The Company is pleased to report that Shri. B.S. Patil, I.A.S (Retd.) has joined the Board as an Additional Director on 30th October, 2009. He was the Chief Secretary to Government of Karnataka. He was also the Head of two State Financial Institutions for over 7 years. He held the position of the Principal Secretary to Government in Department of Commerce and Industries on three occasions with cumulative period of over 8 years.

In 2009-2010, Shri. M. Ramasubramanian, Director (Operations) and Shri. M. Thangavelu, Independent Director passed away. The Board gratefully acknowledges the wonderful service, help and directions rendered by these members and sincerely grieve their death. The Board conveys its heartfelt condolences to the bereaved families.

### **14. Particulars of Employees**

Particulars of those employees who were in receipt of remuneration to be disclosed pursuant to Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 are furnished separately in the Balance Sheet.

### **15. Directors' Responsibility Statement**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act 1956 the Board of Directors hereby confirm:

That in the preparation of Annual Accounts of the Company for the financial year ending on 31st March, 2010 the applicable accounting standards have been strictly followed along with proper explanations and that no material departures have been made from the same.

That the Directors have taken such accounting policies and these have been applied consistently. The estimates and judgments have been reasonableness and prudence so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2009-2010 and profits of the Company for the year which ended on 31st March, 2010. That the Directors have taken proper and sufficient care for the maintenance of the accounting records in accordance with the provisions of the Companies Act 1956 for

safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, if any.

That the Directors have caused preparation of the Annual Accounts for the financial year which ended on 31st March, 2010 on a going concern basis.

The Board of Directors of the Company wish to express their deep sense of appreciation and proffer their sincere thanks to all the Shareholders of the Company for their unstinted support to the Company.

The Board also wishes to express their sincere thanks to all the esteemed Customers for their support to the Company's products.

The Board would also like to place on record their deep sense of gratitude to the Financial Institutions and Banks for their timely support to the Company not only for the working capital needs but also for the implementation of the various projects. But for their active support, the fast growth of the Company would not have been possible.

In the end, the Board would like to place on record their deep sense of appreciation to all the Executives, Officers, Employees, Staff Members, and Workers at the Factory. But for their active and loyal involvement, the Company would not have achieved the excellent results.

FOR ON BEHALF OF THE BOARD

**DINESHCHAND SURANA**  
Managing Director

Date : 15-05-2010  
Place : Chennai

**ANNEXURE TO DIRECTORS' REPORT**

Information as per Sec 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 2010

Name	Designation	Age	Gross Rs.	Net Rs.	Qualification	Experi-ence	Last employment held	Commencement of employment
G.R. Surana	Chairman	57	24,00,000	1,812,020	SSLC	36	Surana Corp. Ltd.	March, 1991
Dineshchand Surana	Managing Director	44	24,00,000	1,755,828	B.Pharm.	26	-	-

**NOTES :**

1. The gross remuneration shown above is subject to tax and comprises salary, allowances, monetary value of perquisites as per income tax rules and Company's contribution to provident and superannuation funds.
2. Net remuneration is arrived at by deduction from the gross remuneration, income tax, Company's contribution to provident and superannuation funds and the monetary value of non-cash perquisites wherever applicable.
3. All employees have adequate experience to discharge their responsibilities.



**ANNEXURE TO DIRECTORS' REPORT**

Information pursuant to Sec 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Director) Rules for the year ended at 31<sup>st</sup> March 2010.

**A. CONSERVATION OF ENERGY:**

<b>1. ELECTRICITY</b>	<b>2009-10</b>	<b>2008-09</b>
	<b>(Amount in Rs.)</b>	
Purchased		
a). Total units consumed	5,70,65,975	20,907,431
b). Total Amount (Rs)	26,56,90,904	50,445,743
c). Rate per unit (Rs)	4.65	2.41
d). Consumption per Mt(Units)	206	180
 Own Generation (Units)	 <b>2,24,60,332</b>	 <b>17,059,950</b>
 <b>2. FURNACE OIL</b>		
a). Total Consumption(lts)	8,51,036	2,131,668
b). Total Amount(Rs.)	1,83,89,438	55,048,451
c). Rate per Litre(Rs.)	21.60	25.82
d). Consumption per mt(lts)	14	40
 <b>3. COAL</b>		
a). Total Consumption	4321.289	-
b). Total Amount(Rs.)	21,622,788.29	-
c). Rate per Litre(Rs.)	5003.78	-
d). Consumption per mt(lts)	13.15	-

**NOTES:**

1. Total Units Consumed includes Units generated by Captive Wind Mill.
2. Total amount of electricity charges paid includes demand charges, belated payment charges, peak hour charges and meter rent.

**B. RESEARCH AND DEVELOPMENT** : NIL

**C. TECHNOLOGY ABSORPTION** : NIL

**D. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE** :

	<b>2009 - 10</b>	<b>2008 - 09</b>
	<b>(Amount in Rs.)</b>	
Earnings		
Export of goods	-	-
Expenditure		
Travel Expenditure	6,94,452	291,181
Interest on FCNR(D)Loan from Banks	NIL	NIL
Interest on FCCB Loan	2,19,73,015	32,895,069
Import Material	64,80,36,069	55,302,284

For and on behalf of the Board

Place: Chennai  
Date: 15.5.2010

**DINESHCHAND SURANA**  
Managing Director

**REPORT ON CORPORATE GOVERNANCE  
ANNEXURE TO DIRECTORS' REPORT**

**1. Company's Philosophy on Code of Corporate Governance:**

Surana Industries Limited have always remained focused on good Corporate Governance, which is a key driver of sustainable Corporate Growth and long term value creation for our shareholders. The primary objective is to create a Corporate Culture conscience, transparency and openness in the presentation of information to the shareholders and regulatory authorities. As required under Clause 49 of the Listing Agreement with Stock Exchanges, certain norms and disclosures have to be made on the Corporate Governance. Surana Industries Limited confirms its compliance with the code of Corporate Governance.

**2. Board of Directors:**

**a) Composition of the Board:**

The Board of Directors, as on 31.3.2010 consists of 10 Directors of which Seven Directors are Non Executive Directors, and the remaining three are the Chairman, the Managing Director, and the Whole Time Director, who are in whole time employment of the Company.

**b) Category of Directors:**

The company has an Executive Chairman. The number of non executive directors is more than 50% of the total number of Directors.

**c) Board procedure:**

The Board/Committee meetings are conducted as per well-defined procedures and systems. The information placed before the board includes annual operating plans, capital budgets and any updates on the same, quarterly results of the company, Notings of the proceedings of the Meeting of Audit committee and other Committees of the Board and other items as mentioned under Clause 49 of the Listing Agreement.

**d) Attendance of each Director at the meeting of the Board of Directors and at the last Annual General meeting:**

During the year 2009-10, the Board met 7 times on 30.5.2009, 04.07.2009, 27.07.2009, 02.09.2009, 30.10.2009, 18.1.2010 and 28.2.2010. The Annual General Meeting for the financial year ended 31.03.2009 was held on 4<sup>th</sup> July, 2009.

Particulars of attendance of Directors at the board meetings and at the last Annual General Meeting and the number of memberships held by the directors in the boards of other companies and memberships/chairmanships held by them across the committees of all the companies for the year 2009-2010 are furnished in the table given below:

Name	Category	Attendance particulars		Number of Directorships and committee memberships/chairmanships.		
		Board Meeting	Last AGM	Other directorships/ Chairmanship**	Committee Memberships**	Committee Chairmanships***
Shri.G.R.Surana	Promoter Executive	4	Yes	2	Nil	Nil
Shri.Dineshchand Surana	Promoter Executive	7	Yes	3	Nil	Nil
Shri.V.M.Swami	Executive	6	Yes	1	1	Nil
Shri.M.Ramasubramanian	Executive	-	Yes	Nil	-	Nil
Shri.M.Thangavelu	Independent Non-executive	3	Yes	Nil	1	Nil
Shri.Krishna Udupa	Executive	7	Yes	Nil	1	1
Dr.B.Samal	Independent Non-Executive	5	Yes	6	6	2
Dr.S.K.Gupta*	Independent Non-Executive	7	Yes	2	7	Nil
Shri.K.N. Prithivraj,	Independent Non-Executive	6	Yes	2	1	Nil
Shri.K.Biju George,	Independent Non-Executive Nominee Director	6	Yes	Nil	Nil	Nil
Shri.V.Aranganathan	Independent Non-Executive Director	6	Yes	Nil	Nil	Nil
Shri.B.S.Patil	Independent Non-Executive Director	2	No	Nil	Nil	Nil

In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit committee and Shareholder/Investor Grievance of all Public limited companies is included.

Details of Directors seeking appointment / re-appointment in the Nineteenth General Meeting (in pursuance of Clause 49 of the Listing Agreement)

**A. Name : Shri. V. Aranganathan**

Age : 42 years

Qualification : B.Com., A.C.A

Present Position : Director

Experience : He was appointed as the Non-Executive Director of the Company in May, 2008. He is a Chartered Accountant and has wide experience in Finance and Banking for the past 19 years. The Company could avail the benefit of his experience.

**B. Name : Shri. K.N.Prithviraj**

Age : 62 years

Qualification : M.A., C.A.I.I.B

Present Position : Director

Experience : He was appointed as the Non-Executive Director of the Company in May, 2008. He is a Post Graduate rank holder and Gold Medalist in Economics from University of Madras. He joined Punjab National Bank as Probationary Officer and rose to become General Manager. He has wide and rich experience as Branch / Regional/Zonal Manager. As General Manager he was incharge of Credit Administration and HRD of the Bank. He was elevated as Executive Director of United Bank of India, Calcutta and later as Chairman and Managing Director of Oriental Bank of Commerce. He was also Nominee Director of Oriental Insurance Company Limited. He is at present Member Director and Member of Remuneration Committee of the Board of Axis Bank Limited. He is also administrator and Chairman of the Board on Special Undertaking of UTI.

**C. Name : Shri.B.S.Patil**

Age : 66 Years

Qualification : I.A.S (Retd).

Present Position : Director

Experience : Shri.B.S. Patil, I.A.S(Retd) joined the Board as an Additional Director. He was Chief Secretary to Government of Karnataka. He was the Head of two State Financial Institutions for over 7 years. He held the position of the Principal Secretary to Government in Department of Commerce and Industries on three occasions with cumulative period of over 8 years. His brilliant career helped to establish contacts with eminent people and institutions across the country that generally holds him in very high esteem.

**3. Audit Committee:**

The Company has an Audit Committee with the scope of activities as set out in the amended clause 49 of the Listing Agreement with the stock exchanges read with Sec292A of the Companies Act, 1956. The broad terms of reference of the Audit Committee are as under:

The Committee oversees the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

It recommends the appointment of and removal of external auditors, fixation of audit fees and approval of payment for any other services.

The Committee reviews with the management the annual and half yearly financial statements before submission to the Board.

To undertake periodical review of Company's operations and more particularly in the following areas:

- Financial performance of the Company
- Payment of dues to Institutions, both interest and principal
- Payment of Government dues, such as customs duties, excise duties, sales tax, income tax, etc.
- Inter Corporate Investments

- Policies relating to award of contracts, purchase and sale of raw materials, finished goods, etc.
- Overview of different items of expenditure incurred by the Company, with particular reference to whether they are extravagant or lavish and whether any diversion of funds, not directly relating to the affairs of the Company, has taken place and to do such other acts, deeds or things, as may be necessary from time to time, to fulfil the objectives aforementioned.

The Audit Committee was re-constituted on 30.1.2009 with all the three exclusively non-Executive Directors and the Company Secretary as the Secretary of the committee. Accordingly the present Audit Committee consists of the following non-executive Directors.

Dr.B.Samal - Chairman Independent Director  
 Shri. Krishna Udupa - Member Independent Director  
 Shri. K.N. Prithivraj - Member Independent Director

The Audit Committee met 4 times during the year under review i.e. 29.5.2009, 26.07.2009, 30.10.2009 and 18.01.2010. All the members of the committee attended the meeting.

#### 4. Share Transfer and Investor Grievances Committee:

The Company has a Share Transfer Committee, Investors Grievance Committee to specifically look into matter relating to Share Transfers, redressal of Shareholders and Investors Complaints.

The Share transfer Committee comprises of two directors viz. Shri. Krishna Udupa and Shri. V.M.Swami.

The Investors Grievance Committee comprises of three directors, Dr. S.K. Gupta, Dr. B. Samal and Shri.Krishna Udupa.

During the year ended 31<sup>st</sup> March 2010 the Share Transfer Committee and Investors Grievance Committee met 4 times and approved Share Transfers (both physical and Demat) and splitting / transmission of shares.

The Investors Grievance Committee resolved all the complaints as on 31<sup>st</sup> March, 2010 there are no Investor complaints pending.

All requests for dematerialization of shares were carried out within the stipulated time and no case was pending as on 31st March 2010.

#### 5. Remuneration Committee:

The company has a committee of Directors (Remuneration), to consider and fix the remuneration payable to the Managing Director/Whole time Director. The Committee comprises of four Directors, viz. Dr. B. Samal and Shri.Krishna Udupa, Shri.V.M. Swami and Shri. V. Aranganthan. as members.

No meetings were held during the year.

#### Executive Directors:

Name	Salary (Rs.in lakhs)	Perquisites and Allowances
Shri. G.R. Surana	24	Company's contribution to PF, Gratuity/Medical, leave encashment, LTC, telephone charges, Car with driver.
Shri.Dineshchand Surana Managing Director	24	"
Shri.V.M.Swami Director-Finance	12	"

#### Non-Executive Directors:

The company pays sitting fees of Rs.2500/- to the Nonexecutive Director for each of the Board Meetings as well as Rs 1,500 for other subcommittee Meetings.

#### 6. General Body Meetings:

##### a. Location and time where Annual General Meetings were held during the last three years:

Year	Location	Date	Time
2006-2007	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai 600 017	30.06.2007	9.30 A.M.
2007-2008	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai 600 017	31.05.2008	11.30 A.M.
2008-2009	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai 600 017	04.07.2009	12 Noon

**b. Location and time where Extra Ordinary General meeting were held during the last three years:**

Year	Location	Date	Time
2006-2007	Hotel Shan Royal, No.85, Poonamalle High Road, Koyembedu, Chennai - 600 107.	12.1.2007	10.00 a.m.
2007-2008	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai - 600 017.	11.02.2008	10.00 a.m.

**c. Postal ballot:**

i) No special resolution was put through postal ballot in terms of Sec 192A of the Companies Act, 1956 and Companies (Passing of Resolution by Postal Ballot) Rules, 2001, during the previous year.

ii) Special resolution was passed through postal ballot in the current year.

Special resolutions passed during the last three Annual General Meetings:

AGM held on	Particulars of special resolution passed
30.06.2007	1. Appointment of Dr. S.K.Gupta as an Additional Director as Director of the Company. 2. Increase in the borrowing power of the Company.
31.05.2008	1. Appointment of Shri. K.N. Prithviraj, Additional Director as Director of the Company. 2). Appointment of Shri. V. Aranganathan, Additional Director as Director of the Company. 3). Increase in Borrowing Power of the Company.
04.07.2009	NIL

**Special resolutions passed during the Extra Ordinary General Meetings :**

EGM held on	Particulars of special resolution passed
12.01.2007	1. Alteration of Articles of Association 2. Increase of percentage limit of foreign shareholding in the Company 3. Preferential issue of equity shares to promoters and persons belonging to promoter group. 4. Issue of FCCB/ADR/GDR to foreign nationals, Indian Non-resident. 5. Issue of equity/fully convertible debentures/ fully convertible preference shares by way of QIP. 6. Preferential issue of share warrants to promoters and persons belonging to promoter group including their friends and relatives.

11.02.2008	1. Issue of equity shares on a preferential basis to a select group of persons (not being promoters or belonging to the promoters group). 2. Issue of equity shares / fully convertible debentures / fully convertible preference shares / by way of QIP.3. Issue of share warrants on a preferential basis to promoters (or belonging to promoters group or relatives).
------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**7. Disclosures:**

- a) No transaction of material nature has been entered into by the Company with related parties i.e. Directors or Management, their subsidiaries or relatives, conflicting with the Company's interest.
- b) There has been no instance of non-compliance on any matter relating to the capital market or the Listing Agreements.

**8. Means of Communication**

- a. The unaudited quarterly financial results of the company were published in the English newspapers viz. Trinity Mirror, Economic Times and the tamil version in a Tamil daily viz. Makkalkural. These are not sent individually to the shareholders.
- b. The company's website address is **www.surana.org.in**.
- c. Securities and Exchange Board of India (SEBI) vide Circular No CIR/CFD/DCR/3/2010 dated April 16, 2010 has issued a circular on amendment to the Equity Listing Agreement which inter-alia provides for amendment of various clauses of the Equity Listing Agreement. As per the circular, it has been decided to discontinue Electronic Data Information filing and retrieval(EDIFAR) System in view of new portal viz., Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the URL [www.corpfiling.co.in](http://www.corpfiling.co.in).
- d. As required under clause 49 of the listing agreement, the management discussion and analysis report is annexed to the annual report.

**9. General Shareholders' Information**

**9.1 Annual General meeting:**

Date and Time: Thursday, the 10<sup>th</sup> June 2010 at 12.00 Noon

Venue : GRT Grand, No.120, Soundarapandian Road (Thiyagaraya Road), T.Nagar, Chennai 17.

**9.2 Financial Calendar Year:**

Financial reporting for the quarter ending	Financial calendar
30 <sup>th</sup> June 2009	27.07.2009
30 <sup>th</sup> September 2009	30.10.2009
31 <sup>st</sup> December 2009	18.01.2010
31 <sup>st</sup> March 2010	15.05.2010

**9.3 Period of Book Closure:**

The Register of Members will be closed from 03.06.2010 to 10.6.2010 (both days inclusive).

**9.4 Listing of shares:**

The company's shares are listed on the following stock exchanges:

Name of the Stock Exchanges	Scrip ID
a. Bombay Stock Exchange Ltd (BSE) P J Towers, Dalal Street, MUMBAI – 400 001	SURANAIN
b. National Stock Exchange of India Ltd. (NSE) (w.e.f 28.12.2006) "EXCHANGE PLAZA", BANDRA-KURLA COMPLEX, BANDRA (E), MUMBAI-400051	SURANAIND
c. Madras Stock Exchange Ltd. (MSE) Exchange Building # 11, Second Line Beach Chennai 600 001	SURANAIND

**ISIN NO-DEMAT FORM: INE 659D01019**

**9.5 Listing fees:**

Annual Listing fees for the year 2010-2011 have been duly paid to all the above mentioned stock exchanges.

**9.6 Stock market data:**

Month	Bombay Stock Exchange(BSE) (Rs.)		National stock exchange of India Limited(NSE) (Rs.)	
	High price	Low price	High price	Low price
April,2009	136.00	93.85	123.91	112.00
May,2009	150.00	123.20	137.37	130.77
June,2009	153.85	136.10	143.11	133.38
July,2009	148.75	141.00	145.78	144.26
August,2009	152.00	142.50	153.89	143.56
September,2009	204.80	143.10	180.53	150.50
October,2009	188.00	144.10	166.27	158.62
November,2009	157.20	145.00	160.53	148.76
December,2009	169.40	149.20	161.26	157.07
January,2010	178.00	156.00	168.97	163.75
February,2010	247.25	162.15	204.59	192.68
March,2010	276.40	224.80	263.04	243.61

**9.7 Share price performance in comparison to broad based indices-BSE Sensex :**

Period	Percentage change in Company's share price(%)	Sensex(%)
2007-2008	+19.74	+25.60
2008-2009	+17.45	-44
2009-2010	+62.29	+16.40

**9.8 Share Transfer System:**

With effect from 31<sup>st</sup> March, 2003 the Company has appointed M/s. Cameo Corporate Services Limited as Company's Common Agency for Share Registry Work (both for physical & Demat) in Compliance with circular No.D&CC/FITTC/CIR-15 /2002 dated 27.12.2002. Therefore the entire share transfer work (both physical & Demat) is centralized at a single point for better Investors Servicing.

**Registrar and Share Transfer Agent:**

M/S.Cameo Corporate Services Limited  
No.1 Club House Road, Vth Floor  
"Subramanian Building", Chennai 600 002  
Contact no:044- 28460390;  
Fax 044-28460129

**9.9 Distribution of Shareholding as on 31<sup>st</sup> March 2010:**

Shareholding (Range)	Number of holders	%	No. of shares	%
Upto 500	1552	80.04	183869	0.68
501 - 1000	124	6.40	101595	0.37
1001 - 2000	74	3.82	115907	0.43
2001 - 3000	53	2.73	135532	0.50
3001 - 4000	21	1.08	74643	0.27
4001 - 5000	20	1.03	93913	0.35
5001 - 10000	22	1.14	156992	0.58
10001 & above	73	3.76	26287549	96.82
<b>Total</b>	<b>1939</b>	<b>100</b>	<b>27150000</b>	<b>100.00</b>

**9.10 Shareholding pattern as on 31<sup>st</sup> March, 2010:**

Category	No. of share holders	No. of shares held	% to total
Promoters, Directors and their relatives	33	20065545	73.9062
Non-Resident Indians.	33	2894542	10.6130
Hindu Undivided family	59	123645	0.4554
Insurance Companies	1	18016	0.0663
Foreign Institutional Investors.	2	39209	0.1445
Bodies Corporate	147	2228182	8.2570
Foreign Corporate Bodies	1	700000	2.5782
Individuals	1640	996779	3.6712
Mutual Fund	3	35275	0.1299
Clearing Members	20	48807	0.1797
<b>Total</b>	<b>1939</b>	<b>27150000</b>	<b>100</b>

**9.11 Dematerialization of Shares as on 31<sup>st</sup> March, 2010 :**

The Company entered into agreements with National Securities Depository Limited (NSDL), Mumbai and Central Depository Services (India) Limited (CDSL), Mumbai facilitating the Electronic Transfer through dematerialization of Company's Shares.

The following table shows the number of shares held in demat and physical form:

Mode of holding	No. of shares	% of no. of shares
Physical form	10277155	37.85
NSDL	15019334	55.32
CDSL	1853511	6.83
<b>Total</b>	<b>27150000</b>	<b>100</b>

**9.12 Secretarial Audit:**

A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical and dematerialized form.

**9.13 Plant Locations:**

**FACTORY:**

- 1) F-67,68&69, SIPCOT Industrial Complex, Gummidipoondi, Chennai-601201
- 2) Plot No. 231-234, Raichur Growth Centre, KIADB, Raichur District, Raichur - 584 102, Karnataka

**WORKS:**

- 1) No.30, G N T Road, Madhavaram, Chennai-600110
- 2) No.144, Kondakarai (NTPC) Road, Ponneri Taluk, Chennai - 600 120.

**9.14. Address for Correspondence:**

**Registered cum Corporate Head office:**

M/S.SURANA INDUSTRIES LIMITED  
No.29, Whites Road, 2<sup>nd</sup> Floor, Royapettah,  
Chennai-600014

Tel : 044-28525127(3 lines)

Fax : 044-28521143

e-mail : suranast@vsnl.com

**10. Non-Mandatory Requirements:**

10.1 Remuneration committee: The company has constituted a Remuneration Committee with terms of reference outlined in point No.5

10.2 Shareholders right: The company has not sent the Quarterly \ half yearly results to the house hold of each shareholder but the same are posted on the website of the company, ie. www.surana.org.in

10.3 Audit qualifications: Covered in Audit Report

10.4. Whistle blower policy: The company has not received any complaint under whistle blower policy.

**12. Particulars of unclaimed dividend:**

Financial Year	Date of declaration of Dividend	Date for transfer to Unpaid dividend Account	Last date for claiming unpaid dividend	Due date for transfer to the IEPF	Amount of Unclaimed Dividend (Rs.)
2002-2003	03.07.2003	01.08.2003	02.08.2010	02.08.2010	82,355
2003-2004	25.05.2004	23.06.2004	22.06.2011	24.06.2011	1,73,750
2004-2005	04.07.2005	02.08.2005	01.08.2012	03.08.2012	28,706
2005-2006	15.05.2006	13.06.2006	12.06.2013	14.05.2013	1,48,372
2006-2007	30.06.2007	30.07.2007	29.07.2014	29.07.2014	11,761
2007-2008	31.05.2008	30.06.2008	30.06.2015	29.06.2015	NIL
2008-2009	04.07.2009	02.08.2009	02.08.2016	02.08.2016	1,47,598.50

**Declaration on compliance of Company code of conduct**

To the Members of Surana Industries Limited, Chennai-14.

The company has framed a specific code of conduct for the members of the Board of Directors and the Senior Management personnel of the company pursuant to Clause 49 of the Listing Agreement with the stock exchanges to further strengthen Corporate Governance practices in the company.

All the members of the Board and Senior Management personnel of the company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance during the year ended March 31,2010.

For and on behalf of the Board

For Surana Industries Limited

**DINESHCHAND SURANA**  
Managing Director

Date : 15-05-2010  
Place : Chennai

**CEO/CFO CERTIFICATE**

To  
The Board of Directors,  
M/s.SURANA INDUSTRIES LIMITED  
No.29, Whites Road, 2<sup>nd</sup> Floor, Royapettah,  
Chennai-600014

We hereby certify that

a) We have reviewed the profit and loss statement ,cash flow statement of Surana Industries Limited('The Company') for the year ended March 31,2010 and the Balance sheet of the Company as at March 31,2010 and to the best of our knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into b the company during the year which are fraudulent, illegal or violate the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting at the company. We have instituted a process for disclosing to the auditors and audit committee, at regular intervals, any significant deficiencies in the design or operation of such internal controls and the steps taken or proposed for remediation for these deficiencies.

d) We also certify that we have indicated to the auditors and the audit committee

i) all significant changes which took place during the year in internal controls over financial reporting.

ii) all significant changes in accounting policies which took place during the year. These changes are also disclosed in the notes to the financial statements.

iii) all instances of significant fraud which we became aware of during the year.

Signed

**DINESHCHAND SURANA**  
MANAGING DIRECTOR/CEO  
Dated: 15-05-10

Signed

**V.M.SWAMI**  
DIRECTOR FINANCE/CFO  
Dated: 15-05-10



**A U D I T O R S ' R E P O R T**

To  
The Members of  
**M/s SURANA INDUSTRIES LTD**  
Chennai - 14

1. We have audited the attached Balance Sheet of SURANA INDUSTRIES LIMITED, as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both annexed thereto. 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. We conducted our audit in accordance with auditing standards 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 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 to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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 the books;

- (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For R. SUBRAMANIAN AND COMPANY**

**Chartered Accountants,**

**A. S. RAMANATHAN**

**Partner**

**Membership No.: 11072**

**Firm No : 0041375**

For C.S.P Jain & Co  
Chartered Accountants

**C.S.PRITHIVIRAJ JAIN**

**Proprietor**

**Membership No. 11529**

Place: Chennai

Date: 15-05-10

**ANNEXURE TO THE AUDITORS' REPORT**

**M/s SURANA INDUSTRIES LIMITED**

[Referred to in paragraph (3) of our report of even date]

The nature of the Company's business/activities during the year is such that clauses (xii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company

- (i) (a) The Company is maintaining proper records which is being updated showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed Assets have not been physically verified during the year by the Management. The management is in the process of preparing a programme for verification of all the fixed assets at reasonable intervals.
- (c) The Company has disposed and hived off its Power Plant assets and sold Land Gross Value of Rs.197,29,02,042 and Rs.5,60,67,542 respectively during the year. Such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) According to the information and explanations given to us the company has conducted physical verification of inventories at reasonable intervals. No material discrepancies have been noticed on such Physical verification.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories.
- (iii) According to the information and explanations given to us, the Company has not granted or taken any secured or unsecured loan to or from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii)(a) to (iii)(g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system..
- (v) According to the information and explanations given to us, the Company has not entered into any contract or arrangement with other parties, which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clause (v)(a) and (v)(b) of paragraph 4 of the order are not applicable.
- (vi) The Company has not accepted deposits from the Public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of steel and electricity, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year. We are informed that the Company is not covered under operation of the Employees' State Insurance Act at Raichur location.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable, except for Professional Tax at Raichur amounting to Rs.1,48,763.

(c) According to the information and explanations given to us, details of dues of sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on 31st March, 2010 on account of any dispute are given below:

Name of the Statute (Nature of the Dues)	Period to which the amount relates	Forum where matter is pending	Amount
<b>Excise Department</b>			
Compounded levy demanded by the Dept., from Sept.97 to Mar '00 under Rule 5 of Hot Re-rolling Steel Mills annual capacity Determination (amendment rule 1997)	1997 - 2000	CESTAT, Chennai	Rs.93,88,727 (Paid Rs.33,48,742 as deposit in the year 2004 - 2005)
Rebate Claim	1999 - 2000	Hon'ble High Court, Chennai	Rs.28,68,511/-
Shortage of material	2005	Commissioner of Central Excise, Commissionerate II, Chennai	Rs.88,32,710 (Paid Rs.88,32,710 in the year 2007 - 2008)
<b>Customs Department</b>			
Penalty levied by DRI Intelligence	2000 - 2003	CESTAT, Bangalore	Rs.1,00,00,000/-
Misclassification of material	2005 - 2006	Hon'ble Supreme Court	Rs.1,38,29,000/-
<b>Income Tax Department</b>			
Disallowances of lease rental paid to NBFCs	1995 - 1996 to 1997 - 1998	Won the case before ITAT, pending before the assessing officer for revision order	Rs.66,50,190 (Paid Rs.32,31,967 during the year 2006 - 2007)
<b>Karnataka VAT</b>			
Entry tax on procurement of power plant equipments	2007 - 2009	Deputy Commissioner of Commercial Tax, Gulbarga, Karnataka	Rs.5,34,00,000/-
Input tax credit claimed on procurement of steel and cements for the factory shed and machinery foundation	2007 - 2009	Deputy Commissioner of Commercial Tax, Gulbarga, Karnataka	Rs.2,00,00,000/-

(x) The Company does not have any accumulated losses and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) In our opinion and according to information and explanations given to us, the terms and conditions of

the guarantees given by the Company for loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the Company.

(xiii) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long term investment.

(xv) The Company has made preferential allotment of 70,00,000 equity shares of Rs.10 each at Rs.300 / Share to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. The terms of the issue are prima facie are not prejudicial to the interests of the company.

(xvi) According to the information and explanations given to us and the records examined by us, the Company has not issued any Debentures during the year.

(xvii) During the period covered by our audit report, the Company has not raised any money by public issue..

(xviii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For R. SUBRAMANIAN AND COMPANY**

**Chartered Accountants,**

For C.S.P Jain & Co  
Chartered Accountants

**A. S. RAMANATHAN**  
**Partner**

**Membership No.: 11072**  
Firm No : 0041375

C.S.PRITHIVIRAJ JAIN  
Proprietor  
Membership No. 11529

Place : Chennai  
Dated : 15-05-2010

**CORPORATE GOVERNANCE COMPLIANCE  
CERTIFICATE**

To

The Members of  
Surana Industries Limited.

We have examined all relevant records of **Surana Industries Limited** for the purpose of certifying compliance of the conditions of corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd. for the financial year ended 31.3.2010. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanation and information furnished, we certify that the Company has complied with:

- a) All the mandatory conditions of the said Clause 49 of the Listing Agreement.
- b) The following non-mandatory requirements of the said Clause 49:

- Remuneration committee

**For R. SUBRAMANIAN AND COMPANY**

**Chartered Accountants,**

For C.S.P Jain & Co  
Chartered Accountants

**A. S. RAMANATHAN**  
**Partner**

**Membership No.: 11072**  
Firm No : 0041375

C.S.PRITHIVIRAJ JAIN  
Proprietor  
Membership No. 11529

Place : Chennai  
Dated : 15-05-2010

**BALANCE SHEET AS ON 31st MARCH 2010**

PARTICULARS	SCH. NUMBER	Year ended 31/3/10	Year ended 31/3/09
<b>I. SOURCES OF FUNDS</b>		(Amount in Rs.)	
<b>1. SHARE HOLDERS FUNDS :</b>			
a). Share Capital	(A)	271,500,000	201,500,000
Advance for Share Warrant (Refer Note 2d)			210,000,000
Share Application Money (Refer Note 2e)		381,382,052	
b). Reserves & Surplus	(B)	4,602,028,745	2,279,132,685
		<b>5,254,910,797</b>	<b>2,690,632,685</b>
<b>2. LOANS FUNDS :</b>			
a). Secured Loan	(C)	5,468,311,925	5,985,799,246
b). Unsecured Loan	(D)	1,684,141,878	1,301,865,875
		<b>7,152,453,803</b>	<b>7,287,665,121</b>
<b>3. DEFERRED TAX LIABILITY</b>			
		<b>455,655,950</b>	<b>474,954,936</b>
<b>TOTAL SOURCES OF FUNDS</b>		<b>12,863,020,549</b>	<b>10,453,252,742</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS (Incl of Capital Work in Progress) (E)</b>			
a). Gross Block		6,496,132,111	7,670,302,702
b). Less: Depreciation		673,632,325	440,599,639
c). Net Block		5,822,499,786	7,229,703,063
		<b>5,822,499,786</b>	<b>7,229,703,063</b>
<b>2. INVESTMENTS (F)</b>			
Advance for Investments		1,431,066,300	569,300
		748,100,000	
<b>3. CURRENT ASSETS, LOANS AND ADVANCES : (G)</b>			
a). Inventories		1,806,476,079	1,386,083,648
b). Sundry Debtors		2,427,497,755	1,482,959,972
c). Cash and Bank Balances		264,708,255	132,473,924
d). Loans and Advances		1,638,062,438	1,302,972,848
		<b>6,136,744,527</b>	<b>4,304,490,392</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS : (H)</b>			
a). Liabilities		1,147,969,146	995,221,995
b). Provisions		127,420,917	96,026,961
		<b>1,275,390,063</b>	<b>1,091,248,956</b>
<b>NET CURRENT ASSETS</b>		<b>4,861,354,463</b>	<b>3,213,241,436</b>
<b>4. MISCELLANEOUS EXPENDITURE : (I)</b>			
a). Miscellaneous Expenditure (to the extent not written off)		-	9,738,942
		-	
<b>Total Application of Funds</b>		<b>12,863,020,549</b>	<b>10,453,252,742</b>
Notes forming integral part of Accounts	(R)		

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.Jain & Co.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor (M No. 11529)

For **R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**DINESHCHAND SURANA**

Managing Director

**V.M.SWAMI**

Director - Finance

Place:Chennai

Date :15th May 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	SCH. NUMBER	Year ended 31/3/10	Year ended 31/3/09
		(Amount in Rs.)	
<b>I. INCOME</b>			
a). Sales Net	(J)	9,450,180,294	8,711,343,506
b). Other Income	(K)	333,233,467	30,814,347
c). Accretion/Decretion in Inventories	(P)	254,719,878	(507,281,969)
<b>TOTAL INCOME</b>		<b>10,038,133,640</b>	<b>8,234,875,883</b>
<b>II. EXPENDITURE</b>			
a). Material and Manufacturing Expenses	(L)	9,189,110,998	7,168,519,948
b). Selling and Distribution Expenses	(M)	44,804,861	19,187,949
c). Salaries and Administrative Expenses	(N)	149,894,684	69,936,727
d). Financial Expenses	(O)	575,148,186	352,846,764
f). Depreciation	(E)	220,376,561	122,897,761
g). Preliminary/Public Issue Expenses Written off	(H)	9,738,942	1,788,250 -
<b>TOTAL EXPENSES</b>		<b>10,189,074,232</b>	<b>7,735,177,398</b>
<b>III. Profit Before Tax</b>		<b>(150,940,593)</b>	<b>499,698,485</b>
<b>Add Exceptional Items</b>	(Q)	555,280,416	-
<b>Profit after Exceptional Transactions</b>		<b>404,339,823</b>	<b>499,698,485</b>
<b>Provision for Taxes</b>		-	-
IV. Fringe Benefit Tax		-	714,818
V. Current Tax (Includes Rs. 77.91 lakhs relating to earlier years)		76,507,957	62,443,821
VI. Deferred Tax		(19,298,983)	111,582,672
<b>VII. Profit After Tax</b>		<b>347,130,849</b>	<b>324,957,175</b>
VIII. Balance Brought Forward From Last Year		1,061,703,038	804,603,321
IX. Amount Available for Appropriation		<b>1,408,833,888</b>	<b>1,129,560,496</b>
<b>APPROPRIATION</b>			
X. Proposed Dividend		40,725,000	30,225,000
XI. Corporate Dividend Tax		6,921,214	5,136,739
XII. General Reserve		34,713,085	32,495,717
XIII. Balance Carried To Balance Sheet		<b>1,326,474,589</b>	<b>1,061,703,039</b>
Basic EPS (Rs.)		16.73	17.20
Diluted EPS (Rs.)		12.40	10.34
Notes forming integral part of Accounts	(R)		

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.Jain & Co.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor (M No. 11529)

For **R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**DINESHCHAND SURANA**

Managing Director

**V.M.SWAMI**

Director - Finance

Place: Chennai

Date : 15th May 2010

**SCHEDULES FORMING PART OF BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
7,00,00,000 Equity Shares of Rs.10 each (70000000 equity shares of Rs.10 each)	700,000,000	700,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
<b>27150000 Equity Shares of Rs.10 each</b> <b>(20150000 Equity Shares of Rs. 10 each)</b>	-	-
	271,500,000	201,500,000
	<b>271,500,000</b>	<b>201,500,000</b>
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
a) Capital Subsidy	1,500,000	1,500,000
b) Share Premium		
Opening Balance	976,378,654	-
Add : Additions for this year	2,030,000,000	-
Closing Balance	3,006,378,654	976,378,654
c) Revaluation reserve		
Opening Balance	91,005,983	-
Less Adjustments for this year	(6,588,576)	-
Closing Balance	84,417,407	91,005,983
d) General Reserve	-	-
Opening Balance	148,545,010	116,049,292
Add : Additions for this year	34,713,085	32,495,717
Closing Balance	183,258,095	148,545,009
e) Profit and Loss Account Surplus	1,326,474,589	1,061,703,039
	-	-
	<b>4,602,028,745</b>	<b>2,279,132,685</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOAN</b>		
<b>From Banks:</b>		
Cash Credit	2,190,623,552	1,573,518,861
Term Loan From Banks	3,165,697,308	4,268,130,205
<b>From financial institution</b>		
Term Loan	111,991,065	144,150,179
	<b>5,468,311,925</b>	<b>5,985,799,246</b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOAN</b>		
From Financial Institution	-	-
	502,938,356	1,301,865,875
From Others	1,181,203,522	-
	<b>1,684,141,878</b>	<b>1,301,865,875</b>

**SCHEDULE - E**

Amounts in Rs.

**FIXED ASSETS AND DEPRECIATION**

Sl.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		ASON 31.3.2009	ADD./DELE.	ASON 31.3.2010	UPTO 31.3.2009	FOR THE YEAR	UPTO 31.3.2010	ASON 31.3.2010	ASON 31.3.2009
1	FREE HOLD LAND	86,618,565	(56,217,542)	30,401,023	-	-	-	30,401,023	86,618,565
2	LEASE HOLD LAND	6,249,305	-	6,249,305	-	-	-	6,249,305	6,249,305
3	FACTORY BUILDING	249,420,961	286,375,946	535,796,907	24,456,783	12,309,542 (260,499)	36,505,826	499,291,081	224,964,178
4	P/M - GENERAL	46,550,744	34,895,095	81,445,839	11,344,323	4,712,130	16,056,453	65,389,386	35,206,421
5	P/M - OFFICE EQUIP	3,062,641	173,484	3,236,125	686,967	166,495	853,462	2,382,662	2,375,673
6	P/M - FACT	2,986,139,528	1,885,757,442	4,871,896,970	251,879,923	160,145,736	419,366,089	4,452,530,881	2,734,259,605
7	P/M - WIND MILL	781,185,038	-	781,185,038	122,535,319	41,223,924	163,759,243	617,425,795	658,649,719
8	P/M - CRANE	14,572,361	-	14,572,361	5,928,766	601,953	6,530,719	8,041,642	8,643,595
9	CYCLE	6,827	-	6,827	4,820	174	4,994	1,833	2,007
10	CAR/TWO WHEELER	9,189,562	(1,129,707)	8,059,855	4,418,978	1,498,898	4,927,326	3,132,529	4,770,584
11	LORRY/TRACTOR	7,781,040	26,200,767	33,981,807	5,410,222	2,904,044	8,314,266	25,667,541	2,370,818
12	COMPUTER and Screening Sys	109,620,710	8,617,040	118,237,750	11,953,577	2,149,393	14,094,930	104,142,820	97,667,133
13	FACTORY ROLLS	-	380,970	380,970	(0)	-	(0)	380,970	0
14	INDUCTION FURNACE	6,459,788	-	6,459,788	1,392,730	1,028,877	2,421,607	4,038,181	5,067,058
15	FURNITURE & FITT.	1,714,381	2,507,166	4,221,547	587,231	223,971	797,410	3,424,137	1,127,150
	<b>TOTAL</b>	<b>4,308,571,450</b>	<b>2,187,560,661</b>	<b>6,496,132,111</b>	<b>440,599,639</b>	<b>226,965,137</b> <b>(1,272,881)</b>	<b>673,632,325</b>	<b>5,822,499,786</b>	<b>3,867,971,811</b>

Less : Recouped from Capital Revaluation Reserve

6,588,576

220,376,561



PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
<b>SCHEDULE - F</b>		
(Amount in Rs.)		
<b>INVESTMENTS - LONG TERM NON TRADE</b>		
<b>QUOTED INVESTMENTS</b>		
P.N.B.Gilts Limited (10000 shares of Rs. 10 each and market value Rs.239500)	300,000	300,000
Punjab National Bank (300 shares of Rs. 10 each and market value Rs.304035)	9,300	9,300
<b>UNQUOTED SHARES</b>		
<b>TRADE INVESTMENTS IN SUBSIDIARY COMPANIES</b>		
Investment in Equity Share (SURANA POWER LIMITED) (143025700 equity shares of Rs 10each)	1,430,257,000	260,000
Investment in Equity Share (SURANA GREEN POWER LTD) (50000 equity shares of Rs. 10 each)	500,000	
	<b>1,431,066,300</b>	<b>569,400</b>
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>i) INVENTORIES</b>		
a). Raw Materials	630,686,019	573,053,285
b). Finished Goods/WIP	735,624,770	487,433,886
c). Stores and Spares	440,165,289	325,596,477
	<b>1,806,476,079</b>	<b>1,386,083,648</b>
<b>ii) SUNDRY DEBTORS</b> (Unsecured Considered Good)		
a). Debts Outstanding for a period exceeding six months	54,348,867	42,813,863
b). Other Debts	2,373,148,888	1,440,146,109
	<b>2,427,497,755</b>	<b>1,482,959,972</b>
<b>iii) CASH &amp; BANK BALANCES</b>		
a). Cash on Hand	1,137,418	1,325,279
b). Cash at Bank	-	-
i) in Current Account	116,634,314	18,044,134
ii) in Margin Money Account	146,936,523	113,104,510
	<b>264,708,255</b>	<b>132,473,924</b>

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>iv) LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
a). CENVAT	229,679,183	361,235,148
b). Prepaid Exp. & Receivables	27,149,438	26,627,944
c). Advance to Suppliers & Others	1,353,492,482	235,482,581
d). Advance for project	-	658,445,490
e). Advance to subsidiaries	1,553,750	163,720
f). Deposit with Government and Semi Government Departments.	26,187,585	21,017,965
	<b>1,638,062,438</b>	<b>1,302,972,848</b>
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a). CURRENT LIABILITIES</b>		
i) Creditor for Capital Goods	89,158,330	-
ii) Creditor for Purchases	-	-
- Due to others	732,048,236	940,089,611
iii) Creditor for Expenses	305,148,422	32,236,272
iv) Creditor - Others	21,614,158	22,896,111
	<b>1,147,969,146</b>	<b>995,221,995</b>
<b>b). PROVISIONS</b>		
i). Provision for Current Tax	68,716,408	56,615,838
ii). Provision for Leave Encashment	1,603,237	642,519
iii). Provision for Gratuity	4,868,290	2,364,017
iv). Proposed Dividend	40,725,000	30,225,000
v) Provision for Bonus	4,586,767	1,042,848
vi) Provision for Dividend Tax	6,921,214	5,136,739
	<b>127,420,916</b>	<b>96,026,961</b>
<b>SCHEDULE - I</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off)		
a) Public Issue Expenses	5,160,179	5,160,179
Less : Written off during the year	5,160,179	-
	-	5,160,179
b) Deferred Revenue Exp	4,578,764	6,367,014
Less : Written off during the year	4,578,764	1,788,251
	-	4,578,764
<b>Grand Total</b>	<b>-</b>	<b>9,738,942</b>

## Surana Industries Limited

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - J</b>		
<b>SALES</b>		
Gross Sales	9,558,981,135	9,006,049,466
Less: Excise Duty	168,417,328	339,814,233
<b>Net Sales</b>	<b>9,390,563,806</b>	<b>8,666,235,233</b>
<b>Direct Income</b>		
Conversion Charges	7,885,477	26,955,005
Sale of Electricity	51,731,011	18,153,268
	-	-
<b>Net Sales</b>	<b>9,450,180,294</b>	<b>8,711,343,506</b>
<b>SCHEDULE - K</b>		
<b>OTHER INCOME</b>		
a). Discount & Loyalty Bonus	19,641	729,733
b). Bank Interest Received	92,638,380	4,754,472
c). Exchange Gain (Net)	73,694,562	17,126,770
d). Others	166,880,885	8,203,372
	<b>333,233,467</b>	<b>30,814,347</b>
<b>SCHEDULE - L</b>		
<b>MATERIAL &amp; MANUFACTURING EXPENSES</b>		
a). Cost of Material Consumed		-
Opening Inventory	557,035,089	578,199,295
Add: Purchases including Carriage inward	8,807,547,159	6,901,344,665
Less: Closing Stock	630,686,019	573,053,285
Consumption	8,733,896,228	6,906,490,675
b). Stores and Spares Consumed		
Opening Inventory	321,513,137	47,591,974
Add: Purchases	270,169,613	426,881,112
Less: Closing Stock	440,165,289	325,596,477
Consumption	151,517,460	148,876,609
c). Power and Fuel	190,341,788	50,445,743
d). Repair & Maintenance	9,581,672	915,722
e). Other Manufacturing Expenses	4,489,676	641,936
f). Wages	89,408,022	57,422,217
g). clearing and forwarding	9,876,151	3,727,046
	<b>9,189,110,998</b>	<b>7,168,519,948</b>
<b>SCHEDULE - M</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
a). Commission Paid	3,805,110	1,349,008
b). Handling and Weighment charges	2,373,439	2,028,342
c). Transportation Charges	38,626,312	15,810,598
	<b>44,804,861</b>	<b>19,187,949</b>

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - N</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
a). Salary and Bonus	58,894,581	29,211,975
b). Printing and Stationery	1,275,115	806,075
c). Advertisement	4,694,400	454,954
d). Electricity Charges	2,026,466	3,507,439
e). Telephone Charges	3,342,421	1,946,217
f). Rent, Rates, & Taxes	10,900,968	1,446,731
g). Travelling & Conveyance Exp.	9,610,222	2,841,410
h). Postage & Telegram	317,990	171,669
i). Books & Periodicals	59,862	39,268
j). Staff Welfare	1,017,099	194,091
k). Professional & Consultancy Exp.	10,540,888	3,794,899
l). Vehicle Maintenance	3,665,972	3,653,770
m). Business Promotion Expenses	2,986,574	1,441,986
o). Audit Fees	609,788	320,900
p). Office Maintenance	766,472	1,502,333
q). Donation	558,602	94,200
r). General Expenses	8,454,164	736,276
s). Insurance Charges	11,709,873	2,035,325
t). Employers Contbn. ESI & EPF	3,480,051	1,220,806
u). Testing Fees	2,647,226	95,279
v). Bad Debts written off	71,970	-
w). Exchange Loss (Net)	-	5,295,160
x). Legal Charges	1,838,186	396,225
y). Directors' Remuneration	8,405,000	6,420,000
z). Sitting Fees & Listing Fees	211,288	263,327
a). Meeting Expenses	573,008	-
b). Loss on sale of assets	-	1,189,475
c). Repairs and maintenances	157,589	120,329
d). Application Fee & Subscription Fee	933,665	661,993
e). AGM Expenses	145,246	74,614
	<b>149,894,684</b>	<b>69,936,727</b>
<b>SCHEDULE - O</b>		
<b>FINANCIAL EXPENSES</b>		
a). Interest on Term Loans	290,241,719	308,924,894
b). Interest on working capital	191,084,938	
c). Hire Purchase Finance Charges	-	3,620
d). Bank and Other Finance Charges	93,821,529	43,918,250
	<b>575,148,186</b>	<b>352,846,764</b>
<b>SCHEDULE - P</b>		
<b>ACCRETION/DECRETION IN INVENTORIES</b>		
<b>Closing Stock</b>		
a). Finished Goods/WIP	735,624,770	487,433,886
	<b>735,624,770</b>	<b>487,433,886</b>
<b>Less: Opening Stock</b>		
a). Finished Goods/WIP	480,904,892	994,715,855
	<b>480,904,892</b>	<b>994,715,855</b>
<b>ACCRETION/DECRETION IN INVENTORIES</b>	<b>254,719,878</b>	<b>(507,281,969)</b>
<b>SCHEDULE - Q</b>		
<b>EXCEPTIONAL ITEMS</b>		
Profit on sale of Power Plant	<b>387,097,958</b>	
Profit on sale of Land	<b>168,182,458</b>	
	<b>555,280,416</b>	-

**SCHEDULE R :**

**1. Accounting Policies**

**(a) Basis for Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

**(b) Revenue Recognition**

Sales comprises sale of goods and services, net of trade discounts.

**(c) Employee Benefits**

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

(ii) Post employment benefits such as Gratuity, EL encashment are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions.

(iii) Actuarial gains and losses in respect of post employment benefits are charged to the Profit and Loss Account.

**(d) Fixed Assets**

All fixed assets are valued at cost less accumulated depreciation. Pre-operation expenses including trial run expenses are capitalised. Borrowing costs during the period of construction is added to the cost of fixed assets.

**(e) Depreciation**

The depreciation is provided on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956.

**(f) Foreign Currency Transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to pre-operative expenses.

**(g) Investments**

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

**(h) Inventories**

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realisable value.

Coal, iron ore and other raw materials purchased by the Company are carried at lower of cost and net realisable value.

Stores and spare parts are carried at cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

Cost of inventories is generally ascertained on 'weighted average' basis. Work-in-progress and finished and semi-finished products are valued on full absorption cost basis.

**(i) Taxes on Income**

Tax expense comprises of current tax and deferred tax. Current income tax is provided on the taxable income for the period as per the provisions of Income tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

**(j) Impairment of Assets:**

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset.

**(k) Provisions and Contingent Liabilities:**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

**(l) Earnings Per Share**

Basic Earnings Per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year. Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

**2. NOTES ON ACCOUNTS**

		(Rs. In Lakhs)	
<b>CONTINGENT LIABILITIES NOT PROVIDED FOR :</b>		<b>2009 - 2010</b>	<b>2008 - 2009</b>
1	Bank Guarantee	348.90	376.59
2	Disputed Excise Duty Liability	210.90	210.90
3	Disputed Income Tax Liability	66.50	66.50
4	Customs duty on import	100.00	100.00
5	Customs Duty on export obligation	105.02	105.02
6	Customs duty on import of scrap	138.29	138.29
7	Karnataka VAT disputed liabilities	734.00	-
8	Civil Cases	103.00	103.00

**Note:**

In case of disputed excise duty liability, Rs. 33,48,742 is paid as deposit to the department during the year 2004-05.

In case of disputed excise duty liability, the company has paid Rs. 88,32,710 during the year 2007-08.

In case of disputed income tax liability Rs. 32,31,967 was paid during the year 2006-07.

**b. Secured Loan**

- (i) Term loan from IDBI towards setting up of steel plant and for modernization project is secured by first charge on Fixed Assets situated at Gummidipoondi and also guaranteed by two directors.
- (ii) Term loan from various banks towards setting up windmill is secured by first charge on the fixed assets pertaining to windmill and also guaranteed by two directors.
- (iii) Term loan obtained from various banks for setting up an Integrated Steel Complex at Raichur, Karnataka State is secured by the first charge on fixed assets located at Raichur. Two directors have extended their personal guarantee for the said loan.
- (iv) Cash credit facilities from various banks are secured by hypothecation of raw material, stock in process, finished goods, stores and consumables and book debts and also secured by second charge on block of assets. These loans are also guaranteed by two directors.

**c. Unsecured Loan**

- (i) Unsecured loan represents Foreign Currency Convertible Bonds (FCCB) issued for USD 25 Million on 15<sup>th</sup> June 2007 carrying interest at the rate of 2% pa payable half yearly with an option to convert them into equity shares. As per the terms of the offer, the Maturity Date is 20<sup>th</sup> June 2012. The Bonds are convertible into Equity Shares at any time before the maturity date at the option of the Bondholders. Further as per the terms of the offer, if any Bonds are not converted, the same will have to be redeemed on maturity at 129.4253% of the principal amount in USD. Pending exercise of conversion by the Bondholders, the company has provided the premium upto 31<sup>st</sup> March 2010.
- (ii) Corporate loan received from IFCI is secured by the pledge of equity shares of Surana Industries Limited held by the promoter, directors and also by the personal guarantee of two directors.

**d. Equity Share Warrants**

In terms of the approval of the shareholders of the Company and as per the applicable statutory provisions including Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, the Company, on 29<sup>th</sup> August 2008 had issued and allotted 70,00,000 warrants on preferential basis to Promoters entitling them to apply for equivalent number of fully paid up equity shares of Rs.10/- each of the Company, at a price of Rs.300/- per equity share on the following terms and conditions.

An amount equivalent to 10% of the exercise price arising out of the share warrants shall be payable on or before the date of allotment of share warrants which will be kept by the Company as a deposit to be adjusted and appropriated against the price of the equity shares payable by the share warrant holder at the time of exercising the option. The warrants shall be compulsorily convertible into equity shares of the Company on or before 18 months from the date of allotment of the share warrants. The warrants proposed to be allotted shall be subject to a lock-in to be determined in accordance with the provisions of the SEBI guidelines.

The holder of the warrants have to pay the balance amount of 90% of the Issue price for conversion of the share warrants into equity shares of the Company on or before expiry of 18 Months from the date of allotment of the warrants.

If the option of conversion is not exercised by the allottee of warrants on or before 18 months from the date of allotment, the total amount paid by such allottee shall be forfeited.

The Company during the year on receipt of balance 90% of the consideration has converted the warrants into 70,00,000 equity shares on 28<sup>th</sup> February 2010.

**e. Issue of Shares on Preferential Basis**

As per the approval of share holders, the company has during the year issued 7,40,000 equity shares to select group of persons on preferential basis at a price of Rs.500 per equity share (Rs. 10 paid up and premium of Rs. 490 per share). The total amount received aggregating to Rs.38.13 crores is yet to be allotted in account of open offer. Pending allotment of shares the amount received is reflected under Share Application Money.

**f. Revaluation Reserve**

The Company has during the year 2000 – 2001 revalued certain assets and the resultant surplus aggregating to Rs.18.07 crores was credited to Revaluation Reserve Account. Depreciation on such revalued amount is reduced from the revaluation reserve amount each year. During the year, depreciation amounting to Rs.65.89 lacs was reduced from Revaluation Reserve.

**g. Sale of Assets**

The Company during the year with the consent of the members under Asset Transfer Agreement dated 13<sup>th</sup> November 2009 between the Company and M/s Surana Power Limited (Subsidiary Company) has transferred the assets relating to 35MW Power Plant for a total consideration of Rs.236.52 crores. Out of the total consideration due to the company, consideration amounting to Rs. 67.77 crores was settled by the subsidiary company by way of allotment of equity shares of Rs.67.77 crores comprising 6,77,00,000 shares of Rs.10 each at par. The profit on transfer of Power Plant aggregating to Rs.38.71 crores is reflected as an Exceptional Item. Further the company during the year sold leasehold rights in respect of 149.50 acres of land to M/s Surana Power Limited (Subsidiary Company) for a consideration of Rs.15 lacs per acre. The profit on sale of such leasehold rights aggregating to Rs.16.82 crores is reflected as an exceptional item.

**h. DIRECTOR'S REMUNERATION :-**

	(Rs. In Lakhs)	
	2009 - 2010	2008 - 2009
<b>Salaries and allowances</b>		
Chairman	25.28	24.00
Managing Director	25.32	24.00
Director Finance	24.69	12.00
Director Operation	1.23	4.20
Director Projects	11.00	

**i. AUDITOR'S REMUNERATION:**

	(Rs. In Lakhs)	
	2009 - 2010	2008 - 2009
For Statutory Audit	6.00	3.00
For other services and out of pocket expenses	0.09	0.22

**j. ADDITIONAL INFORMATIONS PURSUANT TO PARAS 3, 4C, AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956.**

**i. Licensed and Installed Capacities:**

(As certified by the Management and accepted by the Auditors, being a technical matter)



Name of the Product manufactured : TMT/CTD Bars, MS Rounds, Structural, Sponge iron, MS Billets  
 Licensed Capacity : Not Applicable  
 Installed Capacity :

Facility	Location	Capacity in tons p a
Rolling Mill	Gummidipoondi	1,09,800
Induction Furnace	Gummidipoondi	30,000
Sponge Iron	Raichur	1,28,000
Steel Melting Shop	Raichur	2,25,000
Rolling Mill	Raichur	2,00,000

**ii. Production:**

Product	(Quantity in MT)	
	2009-10	2008-09
TMT Bars	53253.220	1,06,416.560
MS Ingots	15397.170	19,881.721
Sponge iron	52878.000	42,389.090
M S Billets	32489.225	72.750

**iii. Quantitative Details of Raw material consumption:**

Product	(Quantity in MT)	
	2009-10	2008-09
Indigenous	2,57,261.454	1,06,416.560
Import/deemed imports	19,542.432	19,881.721

**iv) FINISHED GOODS :**

*(Quantity in MT and value in Rs. Cr.)*

Particulars	Opening Stock		Receipts / Production		Sales / Issues		Closing Stock	
	Qty.	Value in Rs.	Qty.	Value in Rs.	Qty.	Value in Rs.	Qty.	Value in Rs.
TMT Bars	1914	4,17,25,330	112472	3,44,14,23,431	111752	3,40,86,49,015	2634	91,01,286
MS Billets	-	-	32481	56,47,24,389	32500	58,00,25,064	18	98,44,972
Sponge iron	5729	10,66,81,017	37736	63,24,22,182	41545	47,59,88,227	1920	3,09,20,471
MS Rounds	161	35,34,66,063	13663	47,31,57,830	11656	40,36,75,389	2169	7,50,86,181
MS Structurals	3134	6,84,96,044	185265	6,57,50,82,084	176714	6,20,82,59,806	11685	48,14,81,819
MS Wires	5	10,07,087	65	22,48,810	30	10,22,863	41	13,86,500
Bag Filter Dust	17	1,674	326	32,600	342	68,360	1	94
Char Coal	3048	7,50,678	6622	19,85,032	4504	10,03,318	5167	14,61,676
Dolochar	1570	6,33,520	10125	43,43,085	10094	75,39,659	1601	6,59,523
Iron Ore Fines	304	30,421	11581	28,44,935	7731	27,05,962	4153	10,87,829
M.S.Billets	-	-	34938	56,47,24,389	27350	58,00,25,064	7588	98,44,972
Sponge Pellets	-	-	1235	2,35,75,286	1227	1,41,07,280	8	1,58,059
Pellets Fines	-	-	380	55,05,430	363	48,03,330	16	2,27,850

\* Issues and receipts includes the inter unit transfer.

**k. SEGMENT REPORTING:**

The company is principally engaged in single business segment Viz., Iron and Steel Products and operates in one geographical segment as per Accounting Standard 17 on Segment Reporting. Accordingly, no segment reporting has been made by the company.

**I. RELATED PARTY DISCLOSURE:**

As Per Accounting Standard -18 issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in the Accounting Standard are given below:-

**- Subsidiaries, step down subsidiaries, associates and joint ventures:**

**Subsidiaries:**

Surana Power Limited  
Surana Green Power Limited

**Step down Subsidiaries:**

Surana Mines and Minerals Limited, Singapore

**Associates and Joint Ventures:**

PT Agate Resources, Indonesia

**- Key Managerial Persons**

Shri. G.R. Surana	Chairman
Shri. Dineshchand Surana	Managing Director
Shri. V.M. Swami	Director Finance
Shri. Krishna Udappa	Director Projects
Shri. M. Ramasubramanian	Director operations (Ceased on 14/05/2009)
Shri. Rajesh Surana	Executive Director
Shri. Mahaveer Surana	President Finance
Shri. Rajiv Surana	Sr. Vice President – Project
Shri. Deepak Surana	Sr. Vice President – Marketing

**Transactions with Related Parties:**

(Rs. In crores)

Name Of the Related Party	Nature of Transaction	As at March 31, 2010	As at March 31, 2009	
<b>Subsidiaries:</b> Surana Power Limited	Sale of 35 MW Power Plant	236.52	0.11	
	Sale of Lease hold land	22.46		
	Reimbursement of expenses			
	vide debit note	8.72		
	Investments	142.97		
	Advance for investment	74.81		
	Sale of SMML shares	0.02		
	<b>Year –End Balance</b>			
	Investments	143.02		
	Receivables	8.62		
Advance for investments	74.81			

(Rs. In crores)

Name Of the Related Party	Nature of Transaction	As at March 31, 2010	As at March 31, 2009
Surana Green Power Limited	Loan	0.16	
	<b>Year –End Balance</b>		
	Investments	0.05	
	Receivables	0.16	
Surana mines and minerals Ltd	Equity Shares	—	0.02
<b>Key Managerial Persons:</b>			
Shri. G.R. Surana	Remuneration	25.28	24.00
Shri. Dineshchand Surana	Remuneration	25.32	24.00
Shri. V.M. Swami	Remuneration	24.69	12.00
Shri. M. Ramsubramanian	Remuneration	1.23	4.20
Shri. Krishna Udappa	Remuneration	11.00	—
<b>Other Key Managerial Persons:</b>			
Shri. Rajesh Surana	Remuneration	10.75	9.00
Shri. Mahaveer Surana	Remuneration	9.48	9.00
Shri. Rajiv Surana	Remuneration	7.59	7.80
Shri. Deepak Surana	Remuneration	7.59	7.80

**m. EARNINGS PER SHARE AS REQUIRED BY ACCOUNTING STANDARD (AS 20) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA:**

(Rs. In lakhs except per share data)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Profit after Tax	3471.30	3249.57
Number of Equity shares in numbers	27,150,000	20,150,000
Weighted average number of shares	2,07,44,521	1,88,92,466
No of Potential share holders		
- FCCB	83,96,864	79,77,108
- Share Warrant		70,00,000
Total number of share holding including potential shareholders	2,91,41,385	3,38,69,574
Basic EPS	16.73	17.20
Diluted EPS	12.40	10.34

**n. Deferred Tax Liability (Net)**

The components of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March 2010 and 31<sup>st</sup> March 2009 are as given below.

Components	31 <sup>st</sup> March 2010 (Amount in Rs.)	31 <sup>st</sup> March 2009 (Amount in Rs.)
<b>Deferred Tax Liability</b>		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	56,16,83,504	47,49,54,935
<b>Deferred Tax Asset</b>		
On account of Losses available under the Income Tax Act (B)	10,60,27,550	-
Net Deferred Tax Liability (A) – (B)	45,56,55,952	47,49,54,935
Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax	(1,92,98,984)	11,15,82,672

- o. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.
- p. The Company has so far not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid / payable under this Act have not been given.
- q. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

**Post retirement Benefit – Gratuity**

	(Amount in Rs.)	
<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	23,64,017	1,453,903
Interest Costs	1,89,121	116,312
Current Service Costs	4,67,363	196,388
Benefit Paid	-42,888	Nil
Actuarial (gain)/Loss on obligation	18,90,676	597,414
Liability at the end of the period	48,68,289	2,364,017

**Post retirement Benefit – EL Encashment**

	(Amount in Rs.)	
<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	6,42,518	1,93,472
Interest Costs	51,401	15,478
Current Service Costs	2,16,026	1,13,469
Benefit Paid	-2,20,951	(22,003)
Actuarial (gain)/Loss on obligation	9,14,243	3,42,102
Liability at the end of the period	16,03,237	6,42,518

- r. Disclosure as per Clause 32 of the Listing Agreement:
- Loans and advances in the nature of loans given to subsidiaries.
- Name of the Company : Surana Power Limited
- Relationship : Subsidiary
- Amount outstanding as on 31/03/2010 : Rs.8,61,83,185 Dr balance
- Name of the Company : Surana Green Power Limited
- Relationship : Subsidiary
- Amount outstanding as on 31/03/2010 : Rs.15,53,750 Dr balance

**s. Foreign Currency Transactions:**

(Rs. In lakhs)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
<b>A. Foreign Exchange Earnings</b>		
FOB Value of Exports	Nil	Nil
Bank interest	Nil	Nil
<b>B. Expenditure on foreign currency</b>		
Import of Raw materials (CIF Value)	64,80,36,069	5,53,02,283
Foreign Travel Expenses	6,94,452	2,91,281
Interest on FCCB Interest	2,19,73,015	3,28,95,069

**t.** Figures in financial statements and notes have been rounded off to nearest rupee. Quantity figures have been rounded off to the nearest metric tonne.

**u.** Previous year's figures have been regrouped, recast and re arranged wherever found necessary.

**Signatories to Schedule A to R**

As per our report of even date attached.

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

For **R.Subramanian & Company**  
Chartered Accountants

**A.S. RAMANATHAN**  
Partner

M. No : 11072  
Firm No: 004137S

**G.R. SURANA**  
Chairman

For and on behalf of the Board

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Director - Finance

Place:Chennai  
Date :15th May 2010

**A. CASHFLOW FROM OPERATING ACTIVITIES**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
Net Profit before Tax and Extraordinary Items	404,339,823	499,698,485
Adjustments for :		
Depreciation	220,376,561	122,897,761
Interest Income	92,638,380	4,754,472
Interest Expenses	575,148,186	352,846,764
Other Non Cash Expenditure	9,738,942	1,788,250
Loss on Sale of Asset	-	1,189,475
Profit on sale of Assets	552,773	-
Operating Profit Before Working Capital Changes	1,116,412,360	973,666,263
Adjustments for :		
Trade and Other Receivables	1,279,627,372	856,953,630
Inventories	420,392,431	234,423,475
Trade Payables	(159,756,062)	(1,257,226,141)
Cash Generated from Operations	(423,851,381)	807,817,227
Interest Paid	575,148,186	352,846,764
Interest Income	92,638,380	4,754,472
Direct Taxes Paid	69,544,126	111,225,785
Dividend Paid	30,225,000	25,725,000
Cash Flow Before Extraordinary Items	(1,006,130,313)	322,774,150
Extraordinary Items		
Net Cash from Operating Activities	(1,006,130,313)	322,774,150
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,409,085,677)	(3,310,855,806)
Sale of Assets	2,589,876,587	
Purchase of Investments	(2,178,597,000)	(260,000)
Net Cash Used in Investing Activities	(997,806,090)	(3,311,115,806)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	2,271,382,052	330,945,000
Proceeds from Long Term Borrowings	(135,211,317)	2,103,984,136
Net Cash Used in Financing Activities	2,136,170,735	2,434,929,136
Net Increase in Cash & Cash Equivalentents	132,234,331	(553,412,520)
Cash & Cash Equivalentents as opening balances	132,473,924	685,886,444
Cash & Cash Equivalentents as closing balances	264,708,255	132,473,924
	132,234,331	(553,412,520)

For and on behalf of the Board

Place: Chennai  
Date : 15th May 2010

**DINESHCHAND SURANA**  
Managing Director

**AUDITORS CERTIFICATE**

We have verified the attached cash flow statement of M/s. Surana Industries limited derived from Audited Financial Statements and the Books and records maintained by the Company for years ended 31st March, 2010 and 31st March, 2009 and found the same in agreement therewith.

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As per our report of even date attached.

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

**For R.Subramanian & Company**  
Chartered Accountants

**A.S. RAMANATHAN**  
Partner  
M. No : 11072  
Firm No: 004137S

For and on behalf of the Board

**DINESHCHAND SURANA**  
Managing Director

Place:Chennai  
Date :15th May 2010



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**I. Registration Details**

Registration No. 

	2	0	5	3	3
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 State Code 

1	8
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Balance Sheet Date 

3	1
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0	3
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2	0	1	0
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**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	Rights Issue														
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	N	I	L												
	N	I	L												
Bonus Issue	Private Placement														
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">N</td><td style="width: 20px; height: 20px;">I</td><td style="width: 20px; height: 20px;">L</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>		N	I	L				<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>							
	N	I	L												

**III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">6</td><td style="width: 20px; height: 20px;">3</td><td style="width: 20px; height: 20px;">0</td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">0</td></tr></table>		1	2	8	6	3	0	2	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">6</td><td style="width: 20px; height: 20px;">3</td><td style="width: 20px; height: 20px;">0</td><td style="width: 20px; height: 20px;">2</td><td style="width: 20px; height: 20px;">0</td></tr></table>		1	2	8	6	3	0	2	0
	1	2	8	6	3	0	2	0											
	1	2	8	6	3	0	2	0											

**Sources of Funds**

Paid-up Capital	Reserves & Surplus																
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	6	5	2	8	8	2											
	4	6	0	2	0	2	8										
Secured Loans	Unsecured Loans																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">5</td><td style="width: 20px; height: 20px;">4</td><td style="width: 20px; height: 20px;">6</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">3</td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">1</td></tr></table>		5	4	6	8	3	1	1	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">6</td><td style="width: 20px; height: 20px;">8</td><td style="width: 20px; height: 20px;">4</td><td style="width: 20px; height: 20px;">1</td><td style="width: 20px; height: 20px;">4</td><td style="width: 20px; height: 20px;">1</td></tr></table>		1	6	8	4	1	4	1
	5	4	6	8	3	1	1										
	1	6	8	4	1	4	1										

**Application of Funds**

Net Fixed Assets	Deferred Tax Liability																
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	5	8	2	2	4	9	9										
	4	5	5	6	5	6											
Net Current Assets	Investments																
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	4	8	6	1	3	5	4										
	2	1	7	9	1	6	6										
Accumulated Losses	Misc Expenditure																
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	N	I	L														

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure																		
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	1	0	0	3	8	1	3	3											
	1	8	1	8	9	0	7	4											
+ - Profit / Loss Before Tax	+ - Profit / Loss After Tax																		
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<input checked="" type="checkbox"/>			4	0	4	3	3	9											
<input checked="" type="checkbox"/>			3	4	7	1	3	0											
Earnings Per Share in Rs.	Dividend Rate %																		
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	1	6	.	7	3														
	1	5																	

**V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)**

Item Code No. (ITC Code)	7	2	1	4	2	0	.	0	0		
Product Description	C	T	D		B	A	R	S			
Item Code No. (ITC Code)	7	2	1	4	2	0	.	0	0		
Product Description	T	O	R		S	T	E	E	L		
Item Code No. (ITC Code)	7	2	1	5	5	0	.	0	0		
Product Description	M	S		R	O	U	N	D	S		
Item Code No. (ITC Code)	7	2	0	3	1	0	.	0	0		
Item Code No. (ITC Code)	S	P	O	N	G	E		I	O	R	N
Item Code No. (ITC Code)	7	2	0	7	1	9	.	0	0		
Item Code No. (ITC Code)	M	S		B	I	L	L	E	T	S	

**SURANA POWER LIMITED  
BALANCE SHEET AS ON 31.03.2010**

PARTICULARS	SCH. NUMBER	As at 31/03/2010	Year ended 31/03/2009
		(Amount in Rs.)	
<b>Sources of Fund</b>			
<b>A. Share Holders Fund</b>			
Share Capital	1	1,430,257,000	500,000
Share Application Money (Pending Allotment)		748,100,000	-
Reserves and Surplus		-	-
<b>B. Loan Funds</b>			
Secured Loan	2	1,687,500,000	-
Unsecured Loan	3	1,000,000,000	1,060,000
<b>Total</b>		<b>4,865,857,000</b>	<b>1,560,000</b>
<b>Application of Fund</b>			
<b>A. Fixed Assets</b>			
	4		
Gross Block		2,734,955,284	24,200
Less: Depreciation		-	
Net block		2,734,955,284	24,200
Capital work In progress		1,045,076,970	1,052,368
<b>B. Investments</b>			
	5	506,186,313	-
<b>C. Current Assets Loans and advances</b>			
Cash and Bank balance	6	699,670,421	393,992
Loans and advances	7	300,000	112,360
		<b>699,970,421</b>	<b>506,352</b>
<b>D. Current liabilities and provisions</b>			
Liabilities	8	130,450,028	190,960
<b>Net Current Assets</b>		<b>569,520,393</b>	<b>315,392</b>
<b>E. Miscellaneous expenditure</b>			
Preliminary expenses (To the extent not written off or adjusted)		10,118,040	168,040
<b>Total</b>		<b>4,865,857,000</b>	<b>1,560,000</b>
Significant accounting policies / Notes on accounts	9		

As per our report of even date attached.

For and on behalf of the Board

**For R.Subramanian & Company**

Chartered Accountants

**G.R. SURANA**

Chairman

**DINESHCHAND SURANA**

Director

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**V.M.SWAMI**

Director

Place:Chennai

Date :15th May 2010

**SURANA POWER LIMITED  
SCHEDULES FORMING PART OF BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	As at 31/3/10	As at 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
500,000,000 (previous year 1000000) equity shares of Rs 10 each	5,000,000,000	10,000,000
	5,000,000,000	10,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
143,025,700 Equity shares (previous year 50000 equity shares) of Rs 10 each fully paid	1,430,257,000	500,000
(Of the above 89,580,000 equity shares are allotted as fully paid - up pursuant to a contract without payment being received in cash)		
	<b>1,430,257,000</b>	<b>500,000</b>
Out of the above 143,025,700 shares (Previous year 26000) are held by Surana Industries Limited, the holding company		
<b>SCHEDULE 2</b>		
<b>SECURED LOANS FROM BANK</b>		
Term loan (Secured by 1st charge on 35MW Power Plant and Fixed Assets)	1,687,500,000	-
	<b>1,687,500,000</b>	-
<b>SCHEDULE 3</b>		
<b>UNSECURED LOAN</b>		
From bank	1,000,000,000	-
From Others		
- Holding company	-	1,060,000
	<b>1,000,000,000</b>	<b>1,060,000</b>

**SURANA POWER LIMITED**

SCHEDULE - 4

Amounts in Rs.

**FIXED ASSETS**

SI.	PARTICULARS	GROSS BLOCK			Depreciation/ Amortisations			NET BLOCK	
		AS AT 01.04.2009	ADD/DELE.	AS AT 31.3.2010	AS AT 01.04.2009	FOR THE YEAR	AS AT 31.3.2010	AS AT 31.3.2010	AS AT 31.3.2009
	<b>Tangible assets</b>								
1	Land - lease hold land	-	361131938	361131938	-	-	-	361131938	0
2	Factory Buildings	-	207814963	207814963	-	-	-	207814963	0
3	Plant and machinery	-	2165479198	2165479198	-	-	-	2165479198	0
4	Furniture & Fixtures	-	325775	325775	-	-	-	325775	0
5	Office Equipments	-	60141	60141	-	-	-	60141	0
6	Computers	24200	119069	143,269	-	-	-	143269	24200
	Total	24200	2734931084	2734955284	-	-	-	2734955284	24200
	Previous year	-	24200	24200	-	-	-	24200	-
	Capital Work In progress	1052368	1285933601	1045076970				1045076970	1052358
			<b>241908999</b>						

**SURANA POWER LIMITED**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE 5</b>		
<b>INVESTMENTS (AT COST)</b>		
<b>TRADE (LONG TERM)</b>		
In subsidiary Company (Unquoted)		
Surana Mines and Minerals Limited (15000001 Equity shares of S\$ 1 each Fully paid)	506,186,313	-
	<b>506,186,313</b>	<b>-</b>
<b>SCHEDULE 6</b>		
<b>CASH AND BANK BALANCE</b>		
Cash in hand	28,268	6,725
Bank balance with schedule banks - Current Account	699,642,153	387,267
	<b>699,670,421</b>	<b>393,992</b>
<b>SCHEDULE 7</b>		
<b>LOANS AND ADVANCES</b>		
Advance recoverable in cash or kind for value to be received	300,000	112,360
	<b>300,000</b>	<b>112,360</b>
<b>SCHEDULE 8</b>		
<b>CURRENT LIABILITIES</b>		
Project creditors	98,849,631	-
Creditors for expenses	2,956,473	190,960
Tax deducted at source	27,401,071	-
Other Liabilities	1,242,853	-
	<b>130,450,028</b>	<b>190,960</b>

**SURANA POWER LIMITED**

**Schedule 9**

**Significant Accounting policies**

**1. Basis of preparation of Financial Statements**

The Financial Statements have been on historical cost convention in accordance with the Generally Accepted accounting and applicable accounting standards

**Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates used in the preparation of the financial statements are prudent and reasonable. Difference between the actual and the estimates are recognized in the period in which the results are known/ materialized.

**2. Fixed Assets**

Fixed Assets are stated at historical cost. The cost of the fixed asset includes freight, installation charges, taxes and duties, applicable borrowing cost and other incidental expenses incurred in bringing the asset to its present location and condition. Modifications that enhance the operating performance or extend the useful life of the asset are capitalized when there is certainty of deriving future economic benefits from use of such assets.

All Project related expenditures viz., civil works, machinery under erection, construction and erection, materials preoperative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income (net of tax) from project specific surplus funds.

Expenses incurred relating to project prior to commencement of commercial production are classified as project development expenses and disclosed under capital work in progress.

**3. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged off when the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**4. Depreciation**

Depreciation on fixed assets is provided under straight line method at the rates specified in Schedule XIV of the Companies Act 1956. No Depreciation is provided in the books of accounts as the commercial production is yet to start.

Depreciation on additions and deletions are provided on pro rata basis.  
Assets costing less than Rs.5000 are written off in the year of purchase.

**5. Inventory**

Inventory of raw materials and stores and spares are valued at cost. Cost is ascertained on weighted average basis. Cost includes material costs, labour and manufacturing overheads on the basis of absorption costing.

**6. Foreign Currency Transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction if any. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year end. Exchange difference arising on actual payments/realizations and year end restatement are dealt in the profit and loss account. Non monetary foreign currency items are carried at cost, if any.

**7. Investments**

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

Current Investments are carried at lower of cost and fair value.

**8. Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**9. Taxes on income**

Provision for income tax is made on the basis of estimated taxable income for the year at the current rates. Tax expense comprises both current tax and deferred tax at the applicable rates. Current tax represents the amount of Income tax payable/ recoverable in respect of the taxable income/loss for the reporting period.

Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting year, that originate in one year and are capable of reversal in one or more subsequent years.

**10. Provisions for contingent assets and Liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes.

**Notes to Accounts**

1. The company was incorporated on 18<sup>th</sup> March 2009. During the year 2009-10 the authorized share capital was increased to Rs.200 crores.
2. Under an asset transfer agreement dated 13<sup>th</sup> November 2009 between Surana Industries Limited (Holding company) and Surana Power limited (the Company) 35MW power plant was acquired by the company for a total consideration of Rs 236.52 crores. The consideration due to the holding company has been settled partly by way of allotment of equity shares of value of Rs. 67.77 crores comprising of 6,77,70,000 shares of Rs 10 each at par. The balance consideration amounting to Rs 168.75 crores have been settled by payment.
3. Preoperative expenditure aggregating to Rs.4,61,27,751, relating to 35MW power plant have been allocated to the respective assets. The power plant though fully set up is awaiting clearance by KPTCL for commercial operations. The Company is also setting up a 420 MW Power Plant ("Project") at Raichur, Karnataka, India. The expenditure incurred during the construction period are classified as 'Project Development Expenditure' pending capitalisation and will be apportioned to the Assets on the completion of the project. Necessary details as per part II of Schedule VI of the Companies Act, 1956 have been disclosed below
4. No Profit and Loss Account has been prepared since the company has not commenced commercial operations.  
Project Development Expenditure Account (included under Capital Work-in-progress):

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Professional and Consultancy charges	17,639,453	111,030
Loan Syndication fees	6,618,000	-
Term loan processing charges	1,103,380	-
Interest on term loan	630,137	300
Advance to supplies and contracts	1,019,086,000	-
General and administrative overheads	-	941,038
<b>Total</b>	<b>1,045,076,970</b>	<b>1,052,368</b>

6. Preliminary expenses aggregating to Rs 1,01,18,040 representing fees paid for initial incorporation and increase in the authorized share capital is grouped under Miscellaneous expenditure. The company proposes to charge off this expenditure to profit and loss account in the year in which commercial operation commences.
7. The Company's activities during the year revolve around initial stage of the setting up of the Project ( Refer Note 1 Above). Considering the nature of Company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17- 'Segment Reporting', issued by the Institute of Chartered Accountants of India (ICAI).
8. As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', issued by ICAI, the disclosures of transactions with the related parties as defined in AS-18 are given below:

**List of related parties and relationships:**

- |    |                                   |                          |
|----|-----------------------------------|--------------------------|
| 1. | Surana industries Limited         | Holding Company          |
| 2. | Surana Mines and Minerals Limited | Foreign Subsidiary       |
| 3. | Shri G.R. Surana                  | Chairman                 |
| 4. | Shri Shantilal Surana             | Director                 |
| 5. | Shri Vijayraj Surana              | Director                 |
| 6. | Shri Dineshchand Surana           | Director                 |
| 7. | Shri Rahul Dinesh Surana          | Key Management Personnel |

Transactions during the year with Related Parties:

(Amount in Rs.)

Nature of transaction	Surana Industries Limited- Holding company	Surana Mines and Minerals Ltd. Subsidiary	Rahul Surana- key management perssnel
Acquisition of 35 MW power plant	2,365,200,000	-	-
Purchase of Lease hold land	224,685,000	-	-
Reimbursement of expenses vide debit note	87,172,802	-	-
Issue of Equity shares	1,429,757,000	-	-
Purchase of equity shares		506,186,313	-
Remuneration		-	635,000
<b>Year-end Balance</b>		-	-
Share capital	1,429,757,000	-	-
Payable	86,183,185	-	635,000
Investments		506,186,313	-

**9. Additional Information (To the extent applicable):**

**9.1 Capital Commitments:**

Amount in Rs.

Particulars	As at 31.03.2010	As at 31.03.2009
Estimated amount of contracts remaining to be executed on capital accounts (net of advances)and not provided for	10,890,000,000	Nil



**9.2 Payment to Auditors (Including Service Tax, wherever applicable):**

<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
	<b>31.03.2010</b>	<b>31.03.2009</b>
Statutory Audit Fees	330,900	11,030
Certification fees	19,303	Nil

9.3 Value of Imports on CIF basis in respect of Capital Goods- Nil (Previous year Nil)

9.4 Expenditure in Foreign Currency – Nil (Previous year – Nil)

9.5 Previous year figures have been regrouped, reworked or reclassified wherever required.

**Signatories to Schedule 1 to 9**

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As per our report of even date attached.

**For R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

Place:Chennai

Date :15th May 2010

For and on behalf of the Board

**G.R. SURANA**

Chairman

**DINESHCHAND SURANA**

Director

**V.M.SWAMI**

Director

**SURANA POWER LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010**

PARTICULARS	For the year ended 2009-10	For the year ended 2008-09
	(Amount in Rs.)	
<b>Cash Flow From Operating activities</b>	<b>0</b>	<b>0</b>
<b>Cash flow from Investing activities</b>		
Purchase of Fixed assets	-2,734,931,084	-24,200
Additions to CWIP	-1,044,024,602	-1,052,368
Long term investments	(506,186,313)	
Advances recoverable in cash or kind	-187,640	-112,360
Other Payables	130,259,068	1,250,960
Taxes paid	0	0
<b>Net cash used in investing activities</b>	<b>-4,155,070,571</b>	<b>62,032</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares	1,429,757,000	500,000
Proceeds from long term Borrowing	1,687,500,000	
Proceeds from short term Borrowing	998,940,000	
Share Application money received	748,100,000	
Miscellaneous expnditure	-9,950,000	-168,040
<b>Net cash from financing activities</b>	<b>4,854,347,000</b>	<b>331,960</b>
<b>Net Increase / (Decrease in cash equivalents)</b>	<b>699,276,429</b>	<b>393,992</b>
Cash and cash equivalents as at 01.04.2009	393,992	0
Cash and cash equivalents as at 31.03.2010	699,670,421	393,992

As per our report of even date attached.

**For R.Subramanian & Company**  
Chartered Accountants

**A.S. RAMANATHAN**  
Partner  
M. No : 11072  
Firm No: 004137S

Place:Chennai  
Date :15th May 2010

**G.R. SURANA**  
Chairman

**V.M.SWAMI**  
Director

For and on behalf of the Board

**DINESHCHAND SURANA**  
Director

**AUDITORS' REPORT**

To  
The Members of  
**M/s SURANA POWER LTD**

1. We have audited the balance sheet of Surana power limited as on 31<sup>st</sup> march 2010 and cash flow for the period April 2009 to March 2010 annexed thereto. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. No profit and loss account has been prepared since the company is yet to commence its revenue operations and necessary details as per part II of schedule VI of the companies Act, 1956 have been disclosed in schedule 9 as "Project development expenditure".
  2. We have conducted our audit in accordance with the auditing standards 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 misstatements. Audit also includes assessing of assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall performance of financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) 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.
  4. Further to our comments in the Annexure referred to above, we report that:
    - i) 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;
    - ii) 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;
- iii) The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of the written representations received from the directors as on March 31, 2010 and taken on record by the board of directors, we report none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereto, give the information required by the Companies Act, 1956, in the manner so required 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 March 31, 2010; and
    - b) In the case of the Cash Flow statement, of the cash flows for the period April 1<sup>st</sup> 2009 to March 31<sup>st</sup> 2010.

**For R. Subramanian and company**  
**Chartered Accountants**

**A. S. Ramanathan**  
**Partner**  
**MNO 11072**  
**Firm No 0041375**

Place : Chennai  
Dated : 15-05-2010

**ANNEXURE TO THE AUDITORS' REPORT**

**M/s SURANA POWER LIMITED**

1. In respect of the fixed assets, The Company is setting up a power plant at Raichur. The plant is at the stages of completion. The fixed asset register is to be updated. The company has not disposed off major portion of the fixed assets during the year. Physical verification of the assets was carried out by the management in accordance with the system of periodical verification of the fixed assets once in two/three years. In our opinion the frequency of verification is reasonable considering the size of the company and nature of the industry. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2. In respect of inventory, the company does not have any inventory. Therefore the provisions of clause 4 (ii) of the companies (Auditors Report) order 2003 are not applicable to the company
3. According to the information and explanation given to us the company has not granted nor taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an internal control system to commensurate with the size of the company and the nature of business and for purchase of fixed assets. During the financial period the company did not undertake any activity of purchase of inventory and sale of goods and services. During the course of the audit we have not observed any major weakness in the internal control system.
5. The company has not accepted any deposits from the public during the period.
6. As per the information and explanation made available to us, the maintenance of cost records have not been prescribed by the central government under clause (d) of subsection (1) of section 209 of the companies act 1956.
7. According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues.
8. According to the records of the company, there are no dues in respect of disputed liability in respect of provident fund, sales tax, wealth tax, customs duty, service tax and other statutory dues which has not been disposed on account of dispute
9. The company does not have any accumulated losses at the end of the year and the company has not incurred any cash losses during the period
10. According to the information and explanation given to us the company has not defaulted in repayment of dues to any financial institution, banks or debenture holders.
11. Based on our examination of the documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The company is not a chit fund/ nidhi/ mutual benefit fund/ society to which special provisions of a special statue relating to chit fund are applicable. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report)Order, 2003 are not applicable to the company
13. Company is not engaged in dealing or trading in shares, securities, debentures and other investments.
14. According to the information and explanation given to us the company has not given guarantee for the loans taken by others from bank or financial institution
15. In our opinion and according to the information and explanation given to us, on an overall basis the term loans have been applied for the purpose for which they were obtained.
16. According to information and explanation given to us and based on the our examination of the books of account of the company, short term loan of Rs 100 crore

is used for the long term purpose for the project under construction. However the short term loan is a bridge finance obtained in lieu of Rs 1800 crore loan to be obtained from the financial institutions.

17. According to information and explanation given to us company has not issued any debentures during the period under audit.
18. The company has disclosed the end use of money raised in the year 2009-10 and same has been verified by us.
19. Based upon the information and explanations given by the management and audit procedures performed, we report that no fraud on or by the company has been noticed or reported during the course of the audit.

**For R. Subramanian and company  
Chartered Accountants**

**A. S. Ramanathan  
Partner  
MNO 11072  
Firm No 0041375**

Place : Chennai  
Dated : 15-05-2010

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
SURANA MINES & MINERALS LIMITED**  
(Registration No. 200816854 G)

Report on the Financial Statements

We have audited the accompanying financial statements of the Company, which comprise the balance sheet as at 31<sup>st</sup> March 2010 and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) Devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.
- (b) Selection and applying appropriate accounting policies; and
- (c) Making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**AUDITORS' REPORT**

**TO: MEMBERS OF SURANA MINES & MINERALS LIMITED**

(Registration No. 200816854 G) - Contd.

**Opinion**

The audited financial statement of subsidiary company Agate Resources Indoensia is not available as on date of our audit.

**Except for the effects of the above in any, in our opinion;**

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2010 and the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

.....  
STAMFORD ASSOCIATES LLP  
Public Accountants &  
Certified Public Accountants

SINGAPORE

DATE: 14<sup>th</sup> May 2010

**SURANA MINES & MINERALS LIMITED  
BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010**

	Note	2010 US\$	2009 US\$
<b>CAPITAL AND RESERVES</b>			
Share capital	3	10,887,900	1
Accumulated losses		(14,829)	(5,240)
		<b>10,873,071</b>	<b>(5,239)</b>
<b>NON-CURRENT ASSET</b>			
Investments in Subsidiary Company	13	8,647,107	-
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	117,618	1
Amount due from Subsidiary Company	6	3,016,500	-
		<b>3,134,118</b>	<b>1</b>
<b>CURRENT ASSETS/(LIABILITIES)</b>			
Other payables	5	(908,154)	(1,940)
Amount due to Holding Company	6	-	(3,300)
Provision for taxation	11	-	-
		<b>(908,154)</b>	<b>(5,240)</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>2,225,964</b>	<b>(5,240)</b>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	10	-	-
<b>NET ASSETS/(LIABILITIES)</b>		<b>10,873,071</b>	<b>(5,239)</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



**SURANA MINES & MINERALS LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH 2010**

	Note	2010 US\$	2009 US\$
Revenue/Sales	7	-	-
Cost of Good sold		-	-
Gross Profit		-	-
Other income		-	-
		-	-
Administrative expenses		(9,589)	(5,240)
<b>Loss from operations</b>		<b>(9,589)</b>	<b>(5,240)</b>
<b>Loss before taxation</b>	<b>9</b>	<b>(9,589)</b>	<b>(5,240)</b>
Income Tax Expenses	11	-	-
Deferred taxation	10	-	-
<b>Loss from continuing operations</b>		<b>(9,589)</b>	<b>(5,240)</b>
<b>Total Loss</b>		<b>-</b>	<b>-</b>
Other comprehensive Income/(Loss)		-	-
<b>Loss after taxation</b>		<b>(9,589)</b>	<b>(5,240)</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

**SURANA MINES & MINERALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH 2010**

	<b>Share Capital US\$</b>	<b>Accumulated Losses US\$</b>	<b>Total US\$</b>
Balance as at 26 <sup>th</sup> August 2008	1	-	1
Total comprehensive Loss for the financial period	-	(5,240)	(5,240)
<b>Balance as at 31<sup>st</sup> March 2009</b>	<b>1</b>	<b>(5,240)</b>	<b>(5,239)</b>
Shares allotted during the year 10,887,899		-	10,887,899
Total comprehensive loss for the financial year	-	(9,589)	(9,589)
<b>Balance as at 31<sup>st</sup> March 2010</b>	<b>10,887,900</b>	<b>(14,829)</b>	<b>10,873,071</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

**SURANA MINES & MINERALS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH 2010**

	<b>Note</b>	<b>2010 US\$</b>	<b>2009 US\$</b>
Loss From Operating Activities Before Taxation	9	(9,589)	(5,240)
Adjustments for: -			
Depreciation of plant and equipment		-	-
Interest received		-	-
 Operating Losses before working capital change		 (9,589)	 (5,240)
(Increase)/decrease in working capital: -			
Other payables	5	906,214	1,940
Amount due to Holding Company	6	(3,300)	3,300
Investments	13	(8,647,107)	
Amount due from Subsidiary Company	6	(3,016,500)	
Cash generated from operations		(10,760,693)	5,240
Income tax paid		-	-
Interest received		-	-
Net cash inflow/(outflow) from operating activities		10,770,282	-
<b>Cash Flows From Investing Activities</b>			
 Purchase of plant and equipment		 -	 -
Net cash outflow from investing activities		-	-
<b>Cash Flows From Financing Activities</b>			
 Issued Capital increased during the financial year	 3	 10,887,899	 1
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>117,617</b>	<b>1</b>
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>1</b>	<b>-</b>
 <b>Cash and cash equivalents at end of the financial year</b>	 <b>4</b>	 <b>117,618</b>	 <b>1</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

**SURANA MINES & MINERALS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH 2010**

**1. DOMICILE & ACTIVITIES**

Surana Mines & Minerals Limited (Regn. No. 200816854 G) is a company incorporated in Singapore with its registered office at 7500A Beach Road, #08-313, The Plaza, Singapore 199591. The principal activities of the company is on the business of traders, commission agents, buying agents, importers, exporters and dealers in various commodities such as coals, minerals, agricultural commodities, metals, oil, petrochemicals, scraps, liquids, chemicals etc and to enter into contracts, agreements and arrangements of any and all kinds with any person, corporation, partnership, firm or association. There have been no significant changes in the nature of these activities during the financial year. The immediate holding company of the company is Surana Powers Limited, India and the ultimate holding company of the company is Surana Industries Limited, India.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in accounting policies and notes.

**(b) Interpretations and amendments to published standards effective in 2009**

On 1<sup>st</sup> April 2009, the Company adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Company accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the FRS and INT FRS that are relevant to the Company.

FRS 1 (revised) *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The company has chosen to adopt the former alternative. Where comprehensive information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1<sup>st</sup> January 2009 in the current financial year.

FRS 108 *Operating segments* (effective from 1 January 2009) replaces FRS 14 *Segment reporting*, and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1<sup>st</sup> January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement base adopted by the Company.

FRS 40 (amendment) *Investment property and consequential amendments to FRS 16* (effective from 1<sup>st</sup> January 2009). prior to 1<sup>st</sup> January 2009, property that is under construction or development for future use as an investment property was accounted for under FRS 16 *Property, plant and equipment* at cost less impairment. With effect from 1<sup>st</sup> January 2009, such property is accounted in accordance with FRS 40 *Investment property* at fair value as the Company has adopted the fair value

model for accounting of investment property. The amendment is applied prospectively from 1<sup>st</sup> January 2009, and has no impact on the financial statements for the previous financial year.

**(c) Plant and Equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of asset if the obligation for dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the assets. Expenditure for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to comprehensive income statement.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Depreciation of plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

Computers	:	1	Year	Furniture and fittings	:	3years
Office equipment	:	3	Years			

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each financial year-end.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in statement of comprehensive income in the year the asset is derecognised.

**(d) Financial Assets**

(a) Classifications

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non current assets. Loans and receivables are presented as “trade and other receivables” and “cash and cash equivalents” on the balance sheet.

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iv) Financial assets, Available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit and loss account. Any amount in the fair value reserve relating to that asset is transferred to profit and loss account.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in profit and loss account.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit and loss account when the changes arise. Interest and dividend income on financial assets, available-for-sale are recognised separately in profit and loss account. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit and loss account and the other changes are recognized in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / financial assets, held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying

amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit and loss account. The allowance for impairment loss account is reduced through profit and loss account in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. The cumulative loss that was recognised in the fair value reserve is transferred to profit and loss account. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in profit and loss account on debt securities. The impairment losses recognised in profit and loss account on equity securities are not reversed through profit and loss account.

**(e) Financial Liabilities**

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit and loss account when the liabilities are derecognised as well as through the amortization process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

**(f) Revenue Recognition**

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

**(g) Functional and Foreign Currencies**

***Functional currency***

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

***Foreign currencies***

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the rates ruling at the date. All exchange differences are taken to profit and loss account.

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in profit and loss account except to the extent that it related to its items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the balance sheet method, providing for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(i) Cash and Cash Equivalents**

Cash and cash equivalents comprise bank balances with financial institutions.

**(j) Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

**(h) Related Parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**(l) Trade and Other Receivables**

Trade receivables and other receivables are classified and accounted for as loans and receivables under *FRS 39 Financial Instruments: Recognition and Measurement (FRS 39)*. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognised in profit and loss account.

**(m) Employee Benefits**

Mandatory contributions to defined contribution retirement benefit plans (the “CPF Scheme”) are recognized as an expense in the profit and loss account as they fall due. Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. No provision for the estimated liability for annual leave was made during current financial year, as the amount was not material.

**(n) Leases**

***Finance leases***

Leases of assets in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payment are apportioned between the finance charges and reducing of the lease liability so as to achieve rate if interest on the remaining balance of the liability. Finance charges are charged to profit and loss account.



**Operating leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit and loss account on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(o) Share Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

**(p) Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit and loss account if the carrying value of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

**3. SHARE CAPITAL**

	<b>2010 US\$</b>	<b>2009 US\$</b>
Issued and fully paid		
15,000,001 ordinary shares of S\$1/each	10,887,900	1
	10,887,900	1

**4. CASH AND CASH EQUIVALENTS**

Cash in hand	-	1
Cash at banks	117,618	-
Cash and cash equivalents in statement of cash flows	117,618	1
The cash and cash equivalents denominated in following currencies.		
Currencies		
US Dollars – Cash and Cash equivalent	117,618	-
Singapore Dollars – Cash and Cash equivalent	-	1
	117,618	1

**5. TRADE AND OTHER PAYABLES**

Trade creditors	-	-
<b>Other Payables</b>		
Accrued operating expenses	5,405	1,940
Other Payables	902,750	-
	908,155	1,940

The credit period of trade payables is 90-180 days. The Trade Creditors are denominated in following currencies.

<b>Currencies</b>	<b>2010 US\$</b>	<b>2009 US\$</b>
Singapore Dollars	-	-
United States Dollars	908,155	1,940
	908,155	1,940

#### 6. AMOUNT DUE FROM SUBSIDIARY COMPANY

The amount due from a subsidiary company is non-trade in nature, interest-free, unsecured and repayable upon demand.

#### 7. REVENUE

Revenue represents the invoiced value of goods and services rendered net of discount and are recognised at the point of invoicing when the risk & rewards of the ownership of goods are shifted to buyer. The Company was dormant during the financial year and did not trade.

#### 8. STAFF COSTS (KEY PERSONNEL COMPENSATION)

	<b>2010 US\$</b>	<b>2009 US\$</b>
Staff salaries and bonus	-	-
Contributions to defined contribution plans	-	-
	-	-

**Directors' remuneration (Key Personnel Compensations) is recognised within staff costs as follows: -**

	<b>2010 US\$</b>	<b>2009 US\$</b>
Directors' salaries and bonus	-	-
Contributions to defined contribution plans	-	-
	-	-

#### 9. LOSS FROM OPERATIONS

	<b>2010 US\$</b>	<b>2009 US\$</b>
Loss from operations is arrived after charging: -		
Accounting Charges	1,290	
Auditors' remuneration	3,215	907
Bank Charges	1,660	20
Professional charges	2,524	4,234
Secretarial Fees	650	
Tax Fees	250	
	9,589	5,161

**10. DEFERRED TAXATION**

	<b>2010</b>	<b>2009</b>
	<b>US\$</b>	<b>US\$</b>
Balance at 1 <sup>st</sup> April 2009	-	-
Current year provision	-	-
Overprovision of deferred tax	-	-
Balance at 31 <sup>st</sup> March 2010	-	-

**11. TAXATION**

	<b>2010</b>	<b>2009</b>
	<b>US\$</b>	<b>US\$</b>
Based on profit for the financial year;		
Balance at 31 <sup>st</sup> March 2010	-	-
Current taxation	-	-
Over provision/ under provision	-	-
Tax paid during the year	-	-

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:-

	<b>2010</b>	<b>2009</b>
	<b>US\$</b>	<b>US\$</b>
Comprehensive income /(loss) before taxation	(9,589)	(5,240)
Tax at applicable tax rate of 17% (2008:18%)	-	-
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Tax exemptions and rebates	-	-
Tax effect on loss & capital Allowances	-	-
Unutilised loss agreed by IRAS	-	-
Tax expense	-	-

**12. SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the financial year, there were the following significant transactions with related parties: -

	<b>2010</b>	<b>2009</b>
	<b>US\$</b>	<b>US\$</b>
Related Company –		
Trade receivables	-	-
Trade payables	-	-
Non-trade - term loan	-	-
Sales	-	-
Purchase	-	-

**13. INVESTMENTS IN SUBSIDIARY**

	<b>2010</b>	<b>2009</b>
	<b>US\$</b>	<b>US\$</b>
Equity Investment-At cost		
Beginning of the financial year	-	-
Acquisition during the financial year	8,647,107	-
Disposal of the financial year	-	-
<b>End of the Financial year</b>	<b>8,647,107</b>	<b>-</b>

On 28 December 2009 the company acquired 51% of the Equity interest in Agate Resources Indonesia, Jakarta for a cash consideration of US\$ 8,647,107/-. At the date of these financial statement it is directors assessment that no additional consideration is likely to be payable. The details of subsidiary company is as stated below.

In line with Singapore Companies Act Cap 50 Section 201(3BA) and FRS 27 the Company is exempt from presenting consolidated accounts. The Company satisfies all the conditions of FRS 27 paragraph 10 for exemption from presenting consolidation financial statements for the year;

- a) The parent is itself a wholly owned subsidiary
- b) The parent debt or equity is not traded is not traded in a public market.
- c) The parent did not file its financial statements with regulatory organizations for the purpose of issuing any class of instruments in a public market.
- d) The ultimate parent produces consolidated financial statements available for public use.
- e) The ultimate parent consolidated financial statements can be obtained from its head office at 29 Whites Road, 2<sup>nd</sup> Floor, Royapettah, Chennai 600014 India and also from its website.

### 13. INVESTMENTS IN SUBSIDIARY

Details of Subsidiary Company is as under

Name of the Subsidiary	Principal activities and country of incorporation	Percentage of equity		Cost of Investment		Auditors Name
		2010 %	2009 %	2010 US\$	2009 US\$	
Agate Resources Indonesia- Jakarta	Coal Mining Indonesia	51%	-	8,647,107	-	Not Available
				8,647,107	-	

The holding company Surana Power Ltd has received a valuation report dated 24 November 2009 from Axis Bank Mumbai India showing the valuation of the coal mining rights held by Surana Mines & Mineral Ltd at USD 295 million approximately (INR 1,478.26 crores). Based on the above valuation report of Axis Bank India the investment in subsidiary company (Agate Resources Indonesia) as at 31 March 2010 approximates its fair value.

### 14. COMMITMENTS

As at 31<sup>st</sup> March 2010, the company had the following outstanding commitment;

	2010 US\$	2009 US\$
Payable within one year	-	-
Payable 2-5 years	-	-

**15. FINANCIAL INSTRUMENTS AND FAIR VALUES**

**(a) Financial risk management objectives and policies**

Risk management is integral to the whole business of the company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

**(b) Credit risk**

Financial asset that are potentially subject to concentration of credit risk and failures by counterparties to discharge their obligation consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter parties are banks with high credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference are used, according to the country of the customer.

The average credit period generally granted to non-related party trade receivable customers is about 30 - 90 days. But some customers take a longer period to settle the amount. The table below illustrates the financial assets aging analysis:

	<b>2010 US\$</b>	<b>2009 US\$</b>
<b>Trade receivables (non-related)</b>		
Less than 60 days	-	-
61 – 90 days	-	-
Over 90 days	-	-
	-	-

Concentration of non-related party trade receivable customers.

The company's top three customer's sales during the year are as follows:

	<b>2010 US\$</b>
Top Customer 1	-
Top Customer 2	-
Top Customer 3	-

**(c) Interest rate risk**

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates. The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	2010 US\$	2009 US\$
<b>Financial assets:</b>		
Fixed Rate	-	-
	-	-
<b>Financial Liabilities:</b>		
Fixed Rate	-	-
Floating Rate	-	-
	-	-

**(d) Foreign currency risk**

The company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the company is in United States Dollars. As such the company's sales and purchase transacted in United States Dollars are hedged naturally.

Analysis of amount denominated in non-functional currency:

<b>Financial assets:</b>	<b>Cash and Cash Equivalent US\$</b>	<b>Trade Receivables US\$</b>	<b>Other Receivables US\$</b>	<b>Total US\$</b>
United States Dollars	-	-	-	-
Singapore Dollars	-	-	-	-
	-	-	-	-
<b>Financial Liabilities:</b>	<b>Borrowings US\$</b>	<b>Bank overdraft US\$</b>	<b>Trade and other payables US\$</b>	<b>Total US\$</b>
Singapore Dollar	-	-	5,405	5,405
United States Dollar	-	-	-	-
	-	-	5,405	5,405

**Foreign currency sensitivity**

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the company where they gave rise to an impact on the company's profit or loss and/ or equity.

If the relevant foreign currency weakness by 10% against the functional currency of the company, profit or loss and other equity will increase/ (decrease) by:

	SGD
Financial assets:	Impact
	US\$
Profit or (Loss)	-
Other equity	-
	-
	SGD
Financial liability:	Impact
	US\$
Profit or (Loss)	(540)
Other equity	-
	(540)

If the relevant foreign currencies strengthen by 10% against the functional currency of the company, profit or loss and other equity will increase/ (decrease) by:

	SGD
Financial assets:	Impact
	US\$
Profit or (Loss)	-
Other equity	-
	-
	SGD
Financial liability:	Impact
	US\$
Profit or (Loss)	540
Other equity	-
	540

**(e) Liquidity risk**

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Borrowings US\$	Amount due to related party US\$	Other Payables US\$	Total US\$
Maturity Less than 1 year	-	-	908,154	-
Maturity 2 to 5 years	-	-	-	-
	-	-	908,154	-
Variable interest rate	-	Nil	Nil	

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents, deemed adequate by management to finance company's operations and mitigate the effect of fluctuation in cash flows.

**(f) Capital risk**

The company objective when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optional capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2010 US\$	2009 S\$
Net debt	790,536	5,239
Total equity	10,873,071	(5,239)
Total capital	11,663,607	-
Gearing ratio	6%	-

**(g.) Estimation of fair values**

- **Investment in equity and debt securities**

The fair value of financial assets and fair value through profit and loss, held-to maturity investments and available for sale financial assets is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to maturity investments is determined for disclosure purposes only.

- **Non-derivatives financial liabilities**

Fair value which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance lease, the market rate of interest is determined by reference to similar lease agreement.

- **Other financial assets and liabilities**

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables are assumed to approximate their fair value because of the short period to maturity. All the financial assets and liabilities are discounted to determine their fair value.

**16. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



**(a) Critical accounting estimates and assumptions**

***Impairment of loans and receivables***

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expenses. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none, other than the above stated.

**(b) Critical judgements in applying the entity's accounting policies**

The Company makes critical judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgements that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

**17. AUTHORISATION OF THE FINANCIAL STATEMENTS**

The above financial statements for the year ended 31<sup>st</sup> March 2010 were authorised by the Board of Directors by a resolution passed on 14<sup>th</sup> May 2010.

**SURANA GREEN POWER LIMITED  
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2010**

PARTICULARS	SCH. NUMBER	Total
<b>I. SOURCES OF FUNDS</b>		(Amount in Rs.)
<b>1. SHARE HOLDERS FUNDS :</b>		
a). Share Capital	A	500,000
b). Reserves & Surplus		-
<b>2. LOANS FUNDS :</b>		
a). Secured Loan		-
b). Unsecured Loan		-
<b>3. DEFERRED TAX LIABILITY</b>		-
<b>TOTAL SOURCES OF FUNDS</b>		<b>500,000</b>
<b>II. APPLICATION OF FUNDS</b>		
<b>1. FIXED ASSETS :</b>		
a). Gross Block		-
b). Less: Depreciation		-
c). Net Block		-
d). Capital Work in Progress		1,554,732
		<b>1,554,732</b>
<b>2. INVESTMENTS</b>		-
<b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>		
a). Inventories		-
b). Sundry Debtors		-
c). Cash and Bank Balances	B	508,448
d). Loans and Advances		-
		<b>508,448</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>		
a). Liabilities	C	1,723,300
b). Provisions		-
		<b>1,723,300</b>
<b>NET CURRENT ASSETS</b>		<b>-1,214,852</b>
<b>4. MISCELLANEOUS EXPENDITURE :</b>		
a). Miscellaneous Expenditure (to the extent not written off)	D	160,120
<b>Total Application of Funds</b>		<b>500,000</b>
Notes forming integral part of Accounts		-

As per our report of even date attached.  
For **C.S.P.Jain & Co.,**  
Chartered Accountants  
**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

For and on behalf of the Board

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Director

Place: Chennai  
Date : 15th May 2010

**SURANA GREEN POWER LIMITED  
SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>31-Mar-10</b> (Amount in Rs.)
<b>SCHEDULE - A</b>	
<b>SHARE CAPITAL</b>	
<b>AUTHORISED CAPITAL</b>	
10,00,000 Equity Shares of Rs.10 each	10,00,000
ISSUED SUBSCRIBED AND PAID UP	500,000
50000 Equity shares of Rs. 10/- each	
Share Application Money	-
	<b>500,000</b>
<b>SCHEDULE - B</b>	
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>	
<b>i) INVENTORIES</b>	
<b>ii) SUNDRY DEBTORS</b>	
<b>iii) CASH &amp; BANK BALANCES</b>	
a). Cash on Hand	-
b). Cash at Bank	
i) in Current Account	508,448
ii) in Margin Money Account	
	<b>508,448</b>
<b>iv) LOANS AND ADVANCES</b>	
(Unsecured and considered good)	
a). Advance to Suppliers & Others	-
b). Service Tax	-
	-
<b>SCHEDULE - C</b>	
<b>CURRENT LIABILITIES AND PROVISIONS</b>	
<b>a). CURRENT LIABILITIES</b>	
i) Creditor for Capital Goods	-
ii) Tds Payables	-
iii) Advance recd from Company	1,553,750
iv) Creditor for Expenses	169,550
v) Creditor - Others	-
	<b>1,723,300</b>
<b>b). PROVISIONS</b>	
<b>SCHEDULE - D</b>	
<b>MISCELLANEOUS EXPENDITURE</b>	
(To the extent not written off)	
a). Public Issue Expenses	160,120
Less : Written off during the year	-
<b>Grand Total</b>	<b>160,120</b>

**SURANA GREEN POWER LIMITED**  
**A. CASHFLOW FROM OPERATING ACTIVITIES**

<b>PARTICULARS</b>	<b>March 31, 2010</b> (Amount in Rs.)
Net Profit before Tax and Extraordinary Items	
Adjustments for :	
Depreciation	
Other Non Cash Expenditure	
Operating Profit Before Working Capital Changes	-
Adjustments for :	
Trade and Other Receivables	-
Inventories	
Trade Payables	1,723,300
Cash Flow Before Extraordinary Items	1,723,300
Extraordinary Items	160,120
<b>Net Cash from Operating Activities</b>	<b>1,563,180</b>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(1,554,732)
Purchase of Investments	
<b>Net Cash Used in Investing Activities</b>	<b>(1,554,732)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of Share Capital	500,000
Proceeds from Long Term Borrowings	-
<b>Net Cash Used in Financing Activities</b>	<b>500,000</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>508,448</b>
<b>Cash &amp; Cash Equivalents as at 31/03/2010</b>	<b>508,448</b>

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As per our report of even date attached.  
For **C.S.P.Jain & Co.**,  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

Place: Chennai  
Date : 15th May 2010

For and on behalf of the Board

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Director

**AUDITORS CERTIFICATE**

We have verified the attached cash flow statement of M/s. Surana Green Power Limited derived from Audited Financial Statements and the Books and records maintained by the Company for year ended 31st March, 2010 and found the same in agreement therewith.

As per our report of even date attached.

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

Place:Chennai

Date :15th May 2010

For and on behalf of the Board

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Director

**SURANA INDUSTRIES LIMITED**

**Registered-cum-Corporate H.O. No.29 Whites Road, II Floor, Royapettah, Chennai 600 014**

**PROXY FORM**

I/we.....of .....in the district of.....being a Member(s) of the above name Company hereby appoint Mr/Ms..... of.....in the district of.....or failing him/ here/ Mr./ Ms .....of.....in the district of .....as my/our proxy to vote for me/us, on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Thursday, 10<sup>th</sup> June, 2010 at Hotel GRT Grand, No.120, Soundarapandian Road, (Thiyagarayar Road), T.Nagar, Chennai 600 017, at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....2010

Affix

Regd.Folio No.....

Client ID.....

Re.1

Revenue

Stamp

No. of Shares held.....

The Companies Act, 1956 lays down that an instrument appointing proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

**SURANA INDUSTRIES LIMITED**

**Registered-cum-Corporate H.O. No.29 Whites Road, II Floor, Royapettah, Chennai 600 014.**

**ATTENDANCE SLIP**

**(To be handed over at the entrance of the Meeting Hall)**

Full Name of the Member attending:  
(In Block Letters)

Full Name of the First Joint –holder:  
(To be filled-in if first named  
Joint-holder does not attend the Meeting)

Name of the Proxy:  
(To be filled if the Proxy Form has  
been duly deposited with the Company)

I hereby record my presence at the Nineteenth Annual General Meeting of the Company on Thursday, 10<sup>th</sup> June, 2010 at Hotel GRT Grand, No.120, Soundarapandian Road, (Thiyagarayar Road), T.Nagar, Chennai 600 017, at 12.00 Noon.

Regd. Folio No:

Client ID:

No. of Shares held:

Member's /Proxy's Signature

(To be signed at the time of handing over this slip)

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*Surana Industries Limited*



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**BOOK POST**

TO:

*If undelivered, please return to :*

**Surana Industries Limited**

Regd. - cum - Corporate H.O.:

No.29, (Old No.16,) Whites Road, II Floor,

Royapettah, Chennai - 600 014.

GURUDEV



# **SURANA INDUSTRIES LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
2009 - 2010**



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**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Board of Directors of  
**M/s SURANA INDUSTRIES LTD**

1. We have audited the attached Consolidated Balance Sheet of SURANA INDUSTRIES LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements have been approved by the Board of Directors of the Company. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. This Standard requires 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, evidence supporting the amounts and disclosures in the financial statements. 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 provide a reasonable basis for our opinion.
3. (a) The financial statements of overseas subsidiary whose financial statements reflect total assets (net) of Rs.1414.74 lakhs as at 31st March, 2010, total revenue of (Rs.4.55 lakhs) and net cash flows amounting to Rs.53.09 lakhs have been audited by auditor in the respective country.

Our report is based solely on the report furnished by these auditors.

(b) As stated in Note 1 of Schedule Q, in case of certain subsidiaries, the financial statements as on 31st March, 2010 are not available. The investments in these subsidiaries have been valued at cost of Rs.39.03 crores and difference on account of value of share capital

in the subsidiary has not been adjusted in Consolidated Financial Statements in the absence of their financial statements as on 31st March, 2010.

4. Subject to the matters referred to in paragraphs 3 (a) and 3 (b) above:

(a) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards ("AS") 21, Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

(b) Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;

(ii) in the case of the Consolidated Profit and Loss Account, of the Loss of the Group for the year ended on that date;

(iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For R. Subramanian and company**  
**Chartered Accountants**

**A. S. Ramanathan**  
**Partner**  
**MNO 11072**  
**Firm No 004137S**

Place : Chennai  
Dated : 15-05-2010

**For C. S. P. Jain & Co.**  
**Chartered Accountants,**

**C. S. Prithviraj Jain**  
**Proprietor**  
**Membership No.: 11529**  
**Chennai, 15th May, 2010**

**CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31/03/2010**

PARTICULARS	SCH. NUMBER	Year ended 31/3/10	Year ended 31/3/09
		(Amount in Rs.)	
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS :</b>			
a). Share Capital	A	271,500,000	201,500,000
Advance for Share Warrant (Refer Note 2d)		-	210,000,000
Share Application Money (Refer Note 2e)		381,382,052	-
b). Reserves & Surplus	B	3,956,841,190	2,279,131,764
<b>2. LOANS FUNDS :</b>			
a). Secured Loan	C	7,155,811,925	5,985,799,246
b). Unsecured Loan	D	2,684,141,878	1,301,865,875
<b>3. DEFERRED TAX LIABILITY</b>		455,655,950	474,954,936
<b>TOTAL SOURCES OF FUNDS</b>		<b>14,905,332,995</b>	<b>10,453,251,821</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS (Incl of Capital Work in Progress)</b>			
a). Gross Block	E	10,203,187,847	7,671,379,270
b). Less: Depreciation		673,632,325	440,599,639
c). Net Block		9,529,555,522	7,230,779,631
Less: Profit on Inter unit hive off		555,280,416	-
		<b>8,974,275,106</b>	<b>7,230,779,631</b>
<b>2. INVESTMENTS</b>		<b>390,639,710</b>	<b>309,300</b>
<b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>		<b>G</b>	
a). Inventories		1,806,476,078	1,386,083,648
b). Sundry Debtors		2,330,239,824	1,482,959,972
c). Cash and Bank Balances		970,196,401	132,867,950
d). Loans and Advances		1,772,973,498	1,301,621,666
		6,879,885,800	4,303,533,237
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>		<b>H</b>	
a). Liabilities		1,222,324,865	995,355,687
b). Provisions		127,420,916	96,026,961
		1,349,745,781	1,091,382,648
<b>NET CURRENT ASSETS</b>		5,530,140,019	3,212,150,588
<b>4. MISCELLANEOUS EXPENDITURE :</b>			
a). Miscellaneous Expenditure (to the extent not written off)	I	10,278,160	10,012,301
Total Application of Funds		-	-
		<b>14,905,332,995</b>	<b>10,453,251,821</b>
<b>Notes forming Integral part of Accounts</b>		<b>Q</b>	

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.Jain & Co.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor (M No. 11529)

For **R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**DINESHCHAND SURANA**

Managing Director

**V.M.SWAMI**

Whole Time Director - Finance

Place: Chennai

Date : 15th May 2010

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	SCH. NUMBER	Year ended 31/3/10	Year ended 31/3/09
(Amount in Rs.)			
<b>I. INCOME</b>			
a). Sales Net	J	9,450,180,294	8,711,343,506
b). Other Income	K	258,702,217	30,814,347
c). Accretion/Decretion in Inventories	P	254,719,878	(507,281,969)
<b>TOTAL INCOME</b>		<b>9,963,602,390</b>	<b>8,234,875,883</b>
<b>II. EXPENDITURE</b>			
a). Material and Manufacturing Expenses	L	9,189,110,998	7,168,519,948
b). Selling and Distribution Expenses	M	44,804,861	19,187,949
c). Salaries and Administrative Expenses	N	150,270,674	70,209,056
d). Financial Expenses	O	575,226,903	352,847,793
f). Depreciation	E	220,376,561	122,897,761
g). Preliminary/Public Issue Expenses Written off		9,738,942	1,788,251
<b>TOTAL EXPENSES</b>		<b>10,189,528,939</b>	<b>7,735,450,757</b>
<b>III. Profit Before Tax</b>		(225,926,549)	499,425,127
<b>Provision for Taxes</b>			
IV. Fringe Benefit Tax		-	714,818
V. Current Tax (Includes Rs. 77.91 lakhs relating to earlier years)		76,507,957	62,443,821
VI. Deferred Tax		(19,298,983)	111,582,672
<b>VII. Profit After Tax</b>		(283,135,523)	324,683,816
VIII. Balance Brought Forward From Last Year		1,061,429,679	804,603,321
IX. Amount Available for Appropriation		778,294,156	1,129,287,137
<b>APPROPRIATION</b>			
X. Proposed Dividend		40,725,000	30,225,000
XI. Corporate Dividend Tax		6,921,214	5,136,739
XII. General Reserve		34,713,085	32,495,717
XIII. Balance Carried To Balance Sheet		695,934,857	1,061,429,681
Basic EPS (Rs.)		(13.65)	17.19
Diluted EPS (Rs.)		(9.72)	9.59
Notes forming integral part of Accounts	Q		

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**For R.Subramanian & Company**  
Chartered Accountants

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

**A.S. RAMANATHAN**  
Partner

**V.M.SWAMI**  
Whole Time Director - Finance

Place: Chennai  
Date : 15th May 2010

M. No : 11072  
Firm No: 004137S

**SCHEDULE FORMING PART OF BALANCE SHEET  
CONSOLIDATED FINANCIAL STATEMENTS**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
7,00,00,000 Equity Shares of Rs.10 each (70000000 equity shares of Rs.10 each)	700,000,000	700,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
<b>27150000 Equity Shares of Rs.10 each</b> <b>(20150000 Equity Shares of Rs. 10 each)</b>	-	-
	271,500,000	201,500,000
	<b>271,500,000</b>	<b>201,500,000</b>
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
a) Capital Subsidy	1,500,000	1,500,000
b) Share Premium		
Opening Balance	976,378,654	556,378,654
Add : Additions for this year	2,030,000,000	420,000,000
Closing Balance	<b>3,006,378,654</b>	<b>976,378,654</b>
c) Revaluation reserve		
Opening Balance	91,005,983	97,594,557
Less Adjustments for this year	(6,588,576)	6,588,574
Closing Balance	84,417,407	91,005,983
d) General Reserve		
Opening Balance	148,545,010	116,049,292
Add : Additions for this year	34,713,085	32,495,717
	183,258,095	148,545,009
e) Profit and Loss Account Surplus	695,934,857	1,061,703,039
f) Foreign exchange fluctuation reserve account	(14,647,823)	(921)
	<b>3,956,841,190</b>	<b>2,279,131,764</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOAN</b>		
<b>From Banks:</b>		
Cash Credit	2,190,623,552	1,573,518,861
Term Loan From Banks	4,853,197,308	4,268,130,205
<b>From financial institution</b>		
Term Loan	111,991,065	144,150,179
	<b>7,155,811,925</b>	<b>5,985,799,246</b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOAN</b>		
From Financial Institution	502,938,356	0
From Banks	1,000,000,000	0
From Others	1,181,203,522	1,301,865,875
	<b>2,684,141,878</b>	<b>1,301,865,875</b>

**SCHEDULE - E**

Amounts in Rs.

**FIXED ASSETS AND DEPRECIATION**

Sl.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		ASON 31.3.2009	ADD./DELE.	ASON 31.3.2010	UPTO 31.3.2009	FOR THE YEAR	UPTO 31.3.2010	ASON 31.3.2010	ASON 31.3.2009
1	FREE HOLD LAND	86,618,565	(56,217,542)	30,401,023	-	-	-	30,401,023	86,618,565
2	LEASE HOLD LAND	6,249,305	361,131,938	367,381,243	-	-	-	367,381,243	6,249,305
3	FACTORY BUILDING	249,420,961	494,190,909	743,611,870	24,456,783	12,309,542	36,505,826	707,106,044	224,964,178
4	P/M - GENERAL	46,550,744	34,895,095	81,445,839	11,344,323	4,712,130	16,056,453	65,389,386	35,206,421
5	P/M - OFFICE EQUIP	3,062,641	233,625	3,296,266	686,967	166,495	853,462	2,442,803	2,375,673
6	P/M - FACT	2,986,139,528	4,051,236,640	7,037,376,168	251,879,923	160,145,736	419,366,089	6,618,010,079	2,734,259,605
7	P/M -WIND MILL	781,185,038		781,185,038	122,535,319	41,223,924	163,759,243	617,425,795	658,649,719
8	P/M - CRANE	14,572,361		14,572,361	5,928,766	601,953	6,530,719	8,041,642	8,643,595
9	CYCLE	6,827		6,827	4,820	174	4,994	1,833	2,007
10	CAR/TWO WHEELER	9,189,562	(1,129,707)	8,059,855	4,418,978	1,498,898	4,927,326	3,132,529	4,770,584
11	LORRY/TRACTOR	7,781,040	26,200,767	33,981,807	5,410,222	2,904,044	8,314,266	25,667,541	2,370,818
12	COMPUTER and Screening Sys	109,644,910	8,736,109	118,381,019	11,953,577	2,149,393	14,094,930	104,286,089	97,691,333
13	FACTORY ROLLS	-	380,970	380,970	-	-	-	380,970	-
14	INDUCTION FURNACE	6,459,788		6,459,788	1,392,730	1,028,877	2,421,607	4,038,181	5,067,058
15	FURNITURE & FITT.	1,714,381	2,832,941	4,547,322	587,231	223,971	797,410	3,749,912	1,127,150
16	CAPITAL WIP	1,052,368	971,048,084	972,100,452	-	(13,792)	-	972,100,452	1,052,368
	<b>TOTAL</b>	<b>4,309,648,018</b>	<b>5,893,539,829</b>	<b>10,203,187,847</b>	<b>440,599,639</b>	<b>226,965,137</b> <b>(1,272,881)</b>	<b>673,632,325</b>	<b>9,529,555,522</b>	<b>3,869,048,379</b>

Less : Recouped from Capital Revaluation Reserve      6,588,576  
220,376,561

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
<b>SCHEDULE - F</b>		
	(Amount in Rs.)	
<b>INVESTMENTS - LONG TERM NON TRADE</b>		
<b>QUOTED INVESTMENTS</b>		
P.N.B.Gilts Limited (10000 shares of Rs. 10 each and market value Rs.239500)	300,000	300,000
Punjab National Bank (300 shares of Rs. 10 each and market value Rs.304035)	9,300	9,300
<b>Unquoted Investments</b>		
PTA Agate Resources	390,330,410	
	<b>390,639,710</b>	<b>309,300</b>
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>		
<b>i) INVENTORIES</b>		
a). Raw Materials	630,686,019	573,053,285
b). Finished Goods/WIP	735,624,770	487,433,886
c). Stores and Spares	440,165,289	325,596,477
	<b>1,806,476,078</b>	<b>1,386,083,648</b>
<b>ii) SUNDRY DEBTORS</b> (Unsecured Considered Good)		
a). Debts Outstanding for a period exceeding six months	54,348,867	42,813,863
b). Other Debts	2,275,890,957	1,440,146,109
	<b>2,330,239,824</b>	<b>1,482,959,972</b>
<b>iii) CASH &amp; BANK BALANCES</b>		
a). Cash on Hand	1,165,686	1,332,039
b). Cash at Bank		
i) in Current Account	822,094,192	18,431,401
ii) in Margin Money Account	146,936,523	113,104,510
	<b>970,196,401</b>	<b>132,867,950</b>
<b>iv) LOANS AND ADVANCES</b> (Unsecured and considered good)		
a). CENVAT	229,679,183	361,235,148
b). Prepaid Exp. & Receivables	27,149,438	26,387,910
c). Advance to Suppliers & Others	1,353,792,482	234,535,153
d). Advance to Projects		658,445,490
e). Deposit with Government and Semi Government Departments.	26,187,585	21,017,965
f). Advance to Subsidiary *	136,164,810	
	<b>1,772,973,498</b>	<b>1,301,621,666</b>
* Related to Subsidiary not Consolidated (Refer Note 1 of Schedule Q)		
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a). CURRENT LIABILITIES</b>		
i) Creditor for Capital Goods	89,158,330	
ii) Creditor for Purchases		
- Due to others	732,048,236	940,089,611

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
iii) Creditor for Expenses	379,504,141	32,369,965
iv) Creditor - Others	21,614,158	22,896,111
	<b>1,222,324,865</b>	<b>995,355,687</b>
<b>b). PROVISIONS</b>		
i). Provision for Current Tax	68,716,408	56,615,838
ii). Provision for Leave Encashment	1,603,237	642,519
iii). Provision for Gratuity	4,868,290	2,679,070
iv). Proposed Dividend	40,725,000	30,225,000
v) Provision for Bonus	4,586,767	727,795
vi) Provision for Dividend Tax	6,921,214	5,136,739
	<b>127,420,916</b>	<b>96,026,961</b>

#### SCHEDULE - I

##### MISCELLANEOUS EXPENDITURE

(To the extent not written off)

a) Public Issue Expenses	5,160,179	5,160,179
Less : Written off during the year	5,160,179	
		5,160,179
b) Deferred Revenue Exp	14,856,924	6,367,014
Less : Written off during the year	4,578,764	1,788,251
	10,278,160	4,578,764
c) Accumulated Loss		273,359
<b>Grand Total</b>	<b>10,278,160</b>	<b>10,012,301</b>

#### SCHEDULE - J

##### SALES

Gross Sales	9,558,981,135	9,006,049,466
Less: Excise Duty	168,417,328	339,814,233
<b>Net Sales</b>	<b>9,390,563,806</b>	<b>8,666,235,233</b>
<b>Direct Income</b>		
Conversion Charges	7,885,477	26,955,005
Sale of Electricity	51,731,011	18,153,268
<b>Net Sales</b>	<b>9,450,180,294</b>	<b>8,711,343,506</b>

#### SCHEDULE - K

##### OTHER INCOME

a). Discount & Loyalty Bonus	19,641	729,733
b). Interest Received	18,107,130	4,754,472
c). Exchange Gain (Net)	73,694,562	17,126,770
d). Others	166,880,885	8,203,372
	<b>258,702,217</b>	<b>30,814,347</b>



PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - L</b>		
<b>MATERIAL &amp; MANUFACTURING EXPENSES</b>		
a). Cost of Material Consumed		
Opening Inventory	557,035,089	578,199,295
Add: Purchases including Carriage inward	8,807,547,159	6,901,344,665
Less: Closing Stock	630,686,019	573,053,285
Consumption	<b>8,733,896,228</b>	<b>6,906,490,675</b>
b). Stores and Spares Consumed		
Opening Inventory	321,513,137	47,591,974
Add: Purchases	270,169,613	426,881,112
Less: Closing Stock	440,165,289	325,596,477
Consumption	<b>151,517,460</b>	<b>148,876,609</b>
c). Power and Fuel	190,341,788	50,445,743
d). Repair & Maintenance	9,581,672	915,722
e). Other Manufacturing Expenses	4,489,676	641,936
f). Wages	89,408,022	57,422,217
g). Clearing and forwarding	9,876,151	3,727,046
	<b>9,189,110,998</b>	<b>7,168,519,948</b>
<b>SCHEDULE - M</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
a). Commission Paid	3,805,110	1,349,008
b). Handling and Weighment charges	2,373,439	2,028,342
c). Transportation Charges	38,626,312	15,810,598
	<b>44,804,861</b>	<b>19,187,949</b>
<b>SCHEDULE - N</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
a). Salary and Bonus	58,894,581	29,211,975
b). Printing and Stationery	1,275,115	806,075
c). Advertisement	4,694,400	454,954
d). Electricity Charges	2,026,466	3,507,439
e). Telephone Charges	3,342,421	1,946,217
f). Rent, Rates, & Taxes	10,912,823	1,458,743
g). Travelling & Conveyance Exp.	9,610,222	2,841,410
h). Postage & Telegram	317,990	171,669
i). Books & Periodicals	59,862	39,268
j). Staff Welfare	1,017,099	194,091
k). Professional & Consultancy Exp.	10,752,569	3,831,451
l). Vehicle Maintenance	3,665,972	3,653,770
m). Business Promotion Expenses	2,986,574	1,441,986
o). Audit Fees	762,242	373,580
p). Office Maintenance	766,472	1,502,333

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
q). Donation	558,602	94,200
r). General Expenses	8,454,164	898,225
s). Insurance Charges	11,709,873	2,035,325
t). Employers Contbn. ESI & EPF	3,480,051	1,220,806
u). Testing Fees	2,647,226	95,279
v). Bad Debts written off	71,970	-
w). Exchange Loss (Net)	-	5,295,160
x). Legal Charges	1,838,186	396,225
y). Directors' Remuneration	8,405,000	6,420,000
z). Sitting Fees & Listing Fees	211,288	263,327
a). Meeting Expenses	573,008	-
b). Loss on sale of assets	-	1,189,475
c). Repairs and maintenances	157,589	120,329
d). Application Fee & Subscription Fee	933,665	661,993
e). AGM Expenses	145,246	74,614
g). Fine & Penalty	-	9,136
	<b>150,270,674</b>	<b>70,209,056</b>

**SCHEDULE - O**

**FINANCIAL EXPENSES**

a). Interest on Term Loans	290,241,719	308,924,894
b). Interest on working capital	191,084,938	
c). Hire Purchase Finance Charges		3,620
d). Bank and Other Finance Charges	93,900,246	43,918,280
	<b>575,226,903</b>	<b>352,847,794</b>

**SCHEDULE - P**

**ACCRETION/DECRETION IN INVENTORIES**

**Closing Stock**

a). Finished Goods/WIP	735,624,770	487,433,886
	<b>735,624,770</b>	<b>487,433,886</b>

**Less: Opening Stock**

a). Finished Goods/WIP	480,904,892	994,715,855
	<b>480,904,892</b>	<b>994,715,855</b>

<b>ACCRETION/DECRETION IN INVENTORIES</b>	<b>254,719,878</b>	<b>(507,281,969)</b>
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**SCHEDULE Q :**

**NOTES ON CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**1. Principles of Consolidation**

The Consolidated Financial Statements relate to Surana Industries Limited (“the Company”) and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 – “Consolidated Financial Statements” notified by Companies (Accounting Standards) Rules, 2006.
- In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- The difference between the cost of investment in the subsidiaries and the Company’s share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- The company accounts for its share in the change in the net assets of the subsidiaries, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the company and its subsidiaries to the extent of its share, through its profit and loss account, to the extent such change is attributable to the associates’ profit and loss account and through its reserves for the balance, based on available information.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2010, except for a subsidiary company (indicated as # below) for which audited financial statements as on reporting date are not available. Hence has not been considered for consolidation.

The list of subsidiary companies which are included in the consolidation and the Company’s holdings therein are as under:

Name of the Company	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2009 -10	2008 – 09	
<b>Subsidiaries</b>			
Surana Power Limited	100%	52%	India
Surana Mines and Minerals Ltd	100%	100%	Singapore
Surana Green Power Ltd	100%	-	India
# PT Agate Resources	51%	--	Indonesia

**2. Accounting Policies**

**(a) Basis for Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

**(b) Revenue Recognition**

Sales comprises sale of goods and services, net of trade discounts.

**(c) Employee Benefits**

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- (ii) Post employment benefits such as Gratuity, EL encashment are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions.
- (iii) Actuarial gains and losses in respect of post employment benefits are charged to the Profit and Loss Account.
- (iv) However in one of the subsidiary (Surana Power Limited), the actuarial valuation of benefits is not made.

**(d) Fixed Assets**

All fixed assets are valued at cost less accumulated depreciation. Pre-operation expenses including trial run expenses are capitalised. Borrowing costs during the period of construction is added to the cost of fixed assets.

**(e) Depreciation**

The depreciation is provided on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956.

**(f) Foreign Currency Transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to pre-operative expenses.

**(g) Investments**

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

**(h) Inventories**

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realisable value.

Coal, iron ore and other raw materials purchased by the Company are carried at lower of cost and net realisable value.

Stores and spare parts are carried at cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

Cost of inventories is generally ascertained on 'weighted average' basis. Work-in-progress and finished and semi-finished products are valued on full absorption cost basis.

**(i) Taxes on Income**

Tax expense comprises of current tax and deferred tax. Current income tax is provided on the taxable income for the period as per the provisions of Income tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

**(j) Impairment of Assets:**

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset.

**(k) Provisions and Contingent Liabilities:**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

**(l) Earnings Per Share**

Basic Earnings Per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

**3. NOTES ON ACCOUNTS**

(Rs. In Lakhs)

**a. CONTINGENT LIABILITIES NOT PROVIDED FOR :**

No. Nature of Contingent Liabilities	2009 - 2010	2008 - 2009
1 Bank Guarantee	348.90	376.59
2 Disputed Excise Duty Liability	210.90	210.90
3 Disputed Income Tax Liability	66.50	66.50
4 Customs duty on import	100.00	100.00
5 Customs Duty on export obligation	105.02	105.02
6 Customs duty on import of scrap	138.29	138.29
7 Karnataka VAT disputed liabilities	734.00	-
8 Civil Cases	103.00	103.00

**Note:**

In case of disputed excise duty liability Rs. 33,48,742 is paid as deposit to the department during the year 2004-05.

In case of disputed excise duty liability, the company has paid Rs. 88,32,710/- during the year 2007-08.

In case of disputed income tax liability Rs. 32,31,967/- was paid during the year 2006-07.

**b. Equity Share Warrants**

In terms of the approval of the shareholders of the Company and as per the applicable statutory provisions including Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, the Company, on 29<sup>th</sup> August 2008 had issued and allotted 70,00,000 warrants on preferential basis to Promoters entitling them to apply for equivalent number of fully paid up equity shares of Rs.10/- each of the Company, at a price of Rs.300/- per equity share on the following terms and conditions.

An amount equivalent to 10% of the exercise price arising out of the share warrants shall be payable on or before the date of allotment of share warrants which will be kept by the Company as a deposit to be adjusted and appropriated against the price of the equity shares payable by the share warrant holder at the time of exercising the option. The warrants shall be compulsorily convertible into equity shares of the Company on or before 18 months from the date of allotment of the share warrants. The warrants proposed to be allotted shall be subject to a lock-in to be determined in accordance with the provisions of the SEBI guidelines.

The holder of the warrants have to pay the balance amount of 90% of the Issue price for conversion of the share warrants into equity shares of the Company on or before expiry of 18 Months from the date of allotment of the warrants.

If the option of conversion is not exercised by the allottee of warrants on or before 18 months from the date of allotment, the total amount paid by such allottee shall be forfeited.

The Company during the year on receipt of balance 90% of the consideration has converted the warrants into 70,00,000 equity shares on 28<sup>th</sup> February 2010.

**c. Issue of Shares on Preferential Basis**

As per the approval of share holders, the company has during the year issued 7,40,000 equity shares to select group of persons on preferential basis at a price of Rs.500 per equity share (Rs. 10 paid up and premium of Rs. 490 per share). The total amount received aggregating to Rs.38.13 crores is yet to be allotted on account of open offer. Pending allotment of shares the amount received is reflected under Share Application Money.

**d. Earnings per share :**

<b>Particulars</b>	<b>(Amount in Rs.)</b>	
	<b>2009 - 2010</b>	<b>2008 - 2009</b>
Profit after Tax	(28,31,35,523)	32,46,83,816
Number of Equity shares in numbers	2,71,50,000	2,01,50,000
Weighted average number of shares	2,07,44,521	1,88,92,466
No of Potential share holders		
- FCCB	83,96,864	79,77,108
- Share Warrants	-	70,00,000
Total number of share holding including potential shareholders	2,91,41,385	3,38,69,574
Basic EPS	(13.65)	17.19
Diluted EPS	(9.72)	9.59

**e. Deferred Tax Liability (Net)**

The components of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March 2010 and 31<sup>st</sup> March 2009 are as given below.

Components	31 <sup>st</sup> March 2010 (Amount in Rs.)	31 <sup>st</sup> March 2009 (Amount in Rs.)
<b>Deferred Tax Liability</b>		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	56,16,83,504	47,49,54,935
<b>Deferred Tax Asset</b>		
On account of Losses available under the Income Tax Act (B)	10,60,27,550	-
<b>Net Deferred Tax Liability (A) – (B)</b>	45,56,55,952	47,49,54,935
<b>Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax</b>	(1,92,98,984)	11,15,82,672

f. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

g. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

**Post retirement Benefit – Gratuity**

Particulars	(Amount in Rs.)	
	2009-10	2008-09
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	23,64,017	14,53,903
Interest Costs	1,89,121	1,16,312
Current Service Costs	4,67,363	1,96,388
Benefit Paid	(42,888)	—
Actuarial (gain)/Loss on obligation	18,90,676	5,97,414
Liability at the end of the period	48,68,289	23,64,017

**Post retirement Benefit – EL Encashment**

Particulars	(Amount in Rs.)	
	2009-10	2008-09
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	6,42,518	1,93,472
Interest Costs	51,401	15,478
Current Service Costs	2,16,026	1,13,469
Benefit Paid	(2,20,951)	(22,003)
Actuarial (gain)/Loss on obligation	9,14,243	3,42,102
Liability at the end of the period	16,03,237	6,42,518

**h. Foreign Currency Transactions:**

(Amount in Rs.)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
A. Foreign Exchange Earnings		
FOB Value of Exports	Nil	Nil
Bank interest	Nil	Nil
B. Expenditure on foreign currency		
Import of Raw materials (CIF Value)	64,80,36,069	5,53,02,283
Foreign Travel Expenses	6,94,452	2,91,281
Interest on FCCB Interest	2,19,73,015	3,28,95,069

**i. Segment Reporting:**

Information about Primary business segment

(Rs. In lakhs)

<b>Particulars</b>	<b>Steel</b>	<b>Others</b>	<b>Total</b>
Total Revenue	99636.02	—	99636.02
Segment revenue before exceptional items, interest and tax	3493.00	—	3493.00
Less: Net Financial Charges	5752.27		5752.27
Profit before exceptional items and tax	(2259.27)		(2259.27)
Less: Exceptional items	—	—	—
Profit after exceptional items and tax	(2259.27)	—	(2259.27)
Taxes	572.09	—	572.09
Profit after Taxes	(2831.35)	—	(2831.35)
Segment Assets	119592.44	38949.17	158541.61
Segment Liabilities	12753.90	743.56	13497.46
Total cost incurred during the year to acquire segment assets	21864.84	37070.56	58935.40
Segment Depreciation	2203.76	—	2203.76
Non cash expenditure other than depreciation	97.39	—	97.39



**Information about secondary segment:**

<b>Particulars</b>	<b>(Rs. in Lacks)</b>
	<b>2009-10</b>
Revenue by Geographical Market	
- India	99636.02
- Outside India	—
Total	99636.02
Additions to Fixed Assets/Intangible assets	
- India	58935.40
- Outside India	—
Total	58935.40
Carrying amount of Segment Assets	
- India	157126.87
- Outside India	1414.74
Total	158541.61

**j.** Figures in financial statements and notes have been rounded off to nearest rupee. Quantity figures have been rounded off to the nearest metric tonne.

**k.** Previous year's figures have been regrouped, recast and re arranged wherever found necessary.

**Signatories to Schedule A to Q**

As per our report of even date attached.

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

For **R.Subramanian & Company**  
Chartered Accountants

**A.S. RAMANATHAN**  
Partner

M. No : 11072  
Firm No: 004137S

For and on behalf of the Board

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

Place:Chennai  
Date :15th May 2010

**CONSOLIDATED CASHFLOW FROM OPERATING ACTIVITIES**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
Net Profit before Tax and Extraordinary Items	(225,926,549)	499,698,485
Adjustments for :		
Depreciation	220,376,561	122,897,761
Interest Income	18,107,130	4,754,472
Interest Expenses	575,226,903	352,846,764
Other Non Cash Expenditure	9,738,942	1,788,250
Loss on Sale of Asset	0	1,189,475
Profit on sale of Assets	(555,557,003)	-
Operating Profit Before Working Capital Changes	1,116,865,730	973,666,263
Adjustments for :		
Trade and Other Receivables	1,318,631,683	856,005,990
Inventories	420,392,430	234,423,476
Trade Payables	(233,978,088)	(1,257,845,000)
Cash Generated from Operations	(388,180,295)	1,141,081,798
Interest Paid	575,226,903	352,846,764
Interest Income	18,107,130	4,754,472
Direct Taxes Paid	69,544,126	111,225,785
Dividend Paid	30,225,000	25,725,000
Cash Flow Before Extraordinary Items	(1,045,069,194)	656,038,720
Extraordinary Items	10,278,160	273,359
Net Cash from Operating Activities	(1,055,347,354)	655,765,361
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,540,941,107)	(3,226,062,136)
Sale of Assets	276,587	-
Purchase of Investments	(390,330,410)	-
Net Cash Used in Investing Activities	(2,930,994,930)	(3,226,062,136)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	2,271,382,052	331,185,000
Proceeds from Long Term Borrowings	2,552,288,683	2,103,984,135
Net Cash Used in Financing Activities	4,823,670,735	2,435,169,135
Net Increase in Cash & Cash Equivalents	837,328,451	(135,127,640)
Cash & Cash Equivalents as opening balances	132,867,950	267,995,590
Cash & Cash Equivalents as closing balances	970,196,401	132,867,950
	837,328,451	(135,127,640)

For and on behalf of the Board

Place: Chennai  
Date : 15th May 2010

**DINESHCHAND SURANA**  
Managing Director

**AUDITORS' CERTIFICATE**

We have verified the attached cash flow statement of M/s. Surana Industries limited derived from Audited Financial Statements and the Books and records maintained by the Company for years ended 31st March, 2010 and 31st March, 2009 and found the same in agreement therewith.

As per our report of even date attached.

For **C.S.P.Jain & Co.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor (M No. 11529)

For **R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

Place:Chennai

Date :15th May 2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES**

1 Name of the Company	<b>Surana Power Limited</b>	<b>Surana Mines and Minerals Limited</b>	<b>Surana Green Power Limited</b>
2 Financial year of the Company	31st March, 2010	31st March, 2010	31st March, 2010
3 Share of the subsidiary held by Surana Industries Limited on the above date			
a). Number of shares and face value	143025700 equity shares of Rs.10 each (Fully paid up)	15000001 equity shares of S\$1 each (Fully paid up)	50000 equity shares of Rs. 10 each (Fully paid up)
b). Extent of holding	100%	100%	100%
4 Net Aggregate amount of profit/(loss) of the subsidiary so far as they concern the members of Surana Industries Limited			
a). Dealt within the accounts of Surana Industries Limited for the year ended 31st March 2010	Nil	Nil	Nil
b). Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2010	Nil	(4,54,707)	Nil
5 Net Aggregate amount of profit/(loss) for previous financial years of the subsidiary since it became a subsidiary so far as they concern the members of Surana Industries Limited			
a). Dealt within the accounts of Surana Industries Limited for the year ended 31st March 2009	Nil	Nil	Nil
b). Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2009	-	-	-

***For and on behalf of the Board***

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

Place:Chennai

Date : 15th May 2010

**STATEMENT ANNEXED TO THE CONSOLIDATED ACCOUNTS PURSUANT TO APPROVAL UNDER SECTION 212 (8)  
OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES AS AT 31ST MARCH 2010**

<b>Particulars</b>	<b>Surana Power Limited</b>	<b>Surana Mines and Minerals Limited</b>	<b>Surana Green Power Limited</b>
		(Amount in Rs.)	
1 Share Capital	2,17,83,57,000	49,14,79,806	5,00,000
2 Reserves	-	(6,69,381)	-
3 Total Assets	4,86,58,57,000	49,08,10,425	5,00,000
4 Total Liabilities	4,86,58,57,000	49,08,10,425	5,00,000
5 Investments	-	39,03,30,410	-
6 Income	-	-	-
7 Profit/ (Loss) Before Tax	-	(4,54,707)	-
8 Taxes	-	-	-
9 Profit/ (Loss) After Tax	-	(4,54,707)	-
10 Proposed Dividend	-	-	-

*For and on behalf of the Board*

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

Place:Chennai

Date : 15th May 2010

**BOOK POST**

TO:

*If undelivered, please return to :*

**Surana Industries Limited**

Regd. - cum - Corporate H.O.:

No.29, (Old No.16,) Whites Road, II Floor,  
Royapettah, Chennai - 600 014.

GURUDEV



# **SURANA INDUSTRIES LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
2009 - 2010**

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**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To  
The Board of Directors of  
**M/s SURANA INDUSTRIES LTD**

1. We have audited the attached Consolidated Balance Sheet of SURANA INDUSTRIES LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements have been approved by the Board of Directors of the Company. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. This Standard requires 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, evidence supporting the amounts and disclosures in the financial statements. 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 provide a reasonable basis for our opinion.
3. (a) The financial statements of overseas subsidiary whose financial statements reflect total assets (net) of Rs.1414.74 lakhs as at 31st March, 2010, total revenue of (Rs.4.55 lakhs) and net cash flows amounting to Rs.53.09 lakhs have been audited by auditor in the respective country.

Our report is based solely on the report furnished by these auditors.

(b) As stated in Note 1 of Schedule Q, in case of certain subsidiaries, the financial statements as on 31st March, 2010 are not available. The investments in these subsidiaries have been valued at cost of Rs.39.03 crores and difference on account of value of share capital

in the subsidiary has not been adjusted in Consolidated Financial Statements in the absence of their financial statements as on 31st March, 2010.

4. Subject to the matters referred to in paragraphs 3 (a) and 3 (b) above:

(a) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards ("AS") 21, Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

(b) Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;

(ii) in the case of the Consolidated Profit and Loss Account, of the Loss of the Group for the year ended on that date;

(iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For R. Subramanian and company**  
**Chartered Accountants**

**A. S. Ramanathan**  
**Partner**  
**MNO 11072**  
**Firm No 004137S**

Place : Chennai  
Dated : 15-05-2010

**For C. S. P. Jain & Co.**  
**Chartered Accountants,**

**C. S. Prithviraj Jain**  
**Proprietor**  
**Membership No.: 11529**  
**Chennai, 15th May, 2010**

**CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31/03/2010**

PARTICULARS	SCH. NUMBER	Year ended 31/3/10	Year ended 31/3/09
		(Amount in Rs.)	
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS :</b>			
a). Share Capital	A	271,500,000	201,500,000
Advance for Share Warrant (Refer Note 2d)		-	210,000,000
Share Application Money (Refer Note 2e)		381,382,052	-
b). Reserves & Surplus	B	3,956,841,190	2,279,131,764
<b>2. LOANS FUNDS :</b>			
a). Secured Loan	C	7,155,811,925	5,985,799,246
b). Unsecured Loan	D	2,684,141,878	1,301,865,875
<b>3. DEFERRED TAX LIABILITY</b>		455,655,950	474,954,936
<b>TOTAL SOURCES OF FUNDS</b>		<b>14,905,332,995</b>	<b>10,453,251,821</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS (Incl of Capital Work in Progress)</b>			
a). Gross Block	E	10,203,187,847	7,671,379,270
b). Less: Depreciation		673,632,325	440,599,639
c). Net Block		9,529,555,522	7,230,779,631
Less: Profit on Inter unit hive off		555,280,416	-
		<b>8,974,275,106</b>	<b>7,230,779,631</b>
<b>2. INVESTMENTS</b>		<b>390,639,710</b>	<b>309,300</b>
<b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>		<b>G</b>	
a). Inventories		1,806,476,078	1,386,083,648
b). Sundry Debtors		2,330,239,824	1,482,959,972
c). Cash and Bank Balances		970,196,401	132,867,950
d). Loans and Advances		1,772,973,498	1,301,621,666
		6,879,885,800	4,303,533,237
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>		<b>H</b>	
a). Liabilities		1,222,324,865	995,355,687
b). Provisions		127,420,916	96,026,961
		1,349,745,781	1,091,382,648
<b>NET CURRENT ASSETS</b>		5,530,140,019	3,212,150,588
<b>4. MISCELLANEOUS EXPENDITURE :</b>			
a). Miscellaneous Expenditure (to the extent not written off)	I	10,278,160	10,012,301
Total Application of Funds		-	-
		<b>14,905,332,995</b>	<b>10,453,251,821</b>
<b>Notes forming Integral part of Accounts</b>		<b>Q</b>	

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.Jain & Co.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor (M No. 11529)

For **R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**DINESHCHAND SURANA**

Managing Director

**V.M.SWAMI**

Whole Time Director - Finance

Place: Chennai

Date : 15th May 2010

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	SCH. NUMBER	Year ended 31/3/10	Year ended 31/3/09
		(Amount in Rs.)	
<b>I. INCOME</b>			
a). Sales Net	J	9,450,180,294	8,711,343,506
b). Other Income	K	258,702,217	30,814,347
c). Accretion/Decretion in Inventories	P	254,719,878	(507,281,969)
<b>TOTAL INCOME</b>		<b>9,963,602,390</b>	<b>8,234,875,883</b>
<b>II. EXPENDITURE</b>			
a). Material and Manufacturing Expenses	L	9,189,110,998	7,168,519,948
b). Selling and Distribution Expenses	M	44,804,861	19,187,949
c). Salaries and Administrative Expenses	N	150,270,674	70,209,056
d). Financial Expenses	O	575,226,903	352,847,793
f). Depreciation	E	220,376,561	122,897,761
g). Preliminary/Public Issue Expenses Written off		9,738,942	1,788,251
<b>TOTAL EXPENSES</b>		<b>10,189,528,939</b>	<b>7,735,450,757</b>
<b>III. Profit Before Tax</b>		(225,926,549)	499,425,127
<b>Provision for Taxes</b>			
IV. Fringe Benefit Tax		-	714,818
V. Current Tax (Includes Rs. 77.91 lakhs relating to earlier years)		76,507,957	62,443,821
VI. Deferred Tax		(19,298,983)	111,582,672
<b>VII. Profit After Tax</b>		(283,135,523)	324,683,816
VIII. Balance Brought Forward From Last Year		1,061,429,679	804,603,321
IX. Amount Available for Appropriation		778,294,156	1,129,287,137
<b>APPROPRIATION</b>			
X. Proposed Dividend		40,725,000	30,225,000
XI. Corporate Dividend Tax		6,921,214	5,136,739
XII. General Reserve		34,713,085	32,495,717
XIII. Balance Carried To Balance Sheet		695,934,857	1,061,429,681
Basic EPS (Rs.)		(13.65)	17.19
Diluted EPS (Rs.)		(9.72)	9.59
Notes forming integral part of Accounts	Q		

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

For **R.Subramanian & Company**  
Chartered Accountants

**A.S. RAMANATHAN**  
Partner

Place: Chennai  
Date : 15th May 2010

M. No : 11072  
Firm No: 004137S

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

**SCHEDULE FORMING PART OF BALANCE SHEET  
CONSOLIDATED FINANCIAL STATEMENTS**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
7,00,00,000 Equity Shares of Rs.10 each (70000000 equity shares of Rs.10 each)	700,000,000	700,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
<b>27150000 Equity Shares of Rs.10 each</b> <b>(20150000 Equity Shares of Rs. 10 each)</b>	-	-
	271,500,000	201,500,000
	<b>271,500,000</b>	<b>201,500,000</b>
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
a) Capital Subsidy	1,500,000	1,500,000
b) Share Premium		
Opening Balance	976,378,654	556,378,654
Add : Additions for this year	2,030,000,000	420,000,000
Closing Balance	<b>3,006,378,654</b>	<b>976,378,654</b>
c) Revaluation reserve		
Opening Balance	91,005,983	97,594,557
Less Adjustments for this year	(6,588,576)	6,588,574
Closing Balance	84,417,407	91,005,983
d) General Reserve		
Opening Balance	148,545,010	116,049,292
Add : Additions for this year	34,713,085	32,495,717
	183,258,095	148,545,009
e) Profit and Loss Account Surplus	695,934,857	1,061,703,039
f) Foreign exchange fluctuation reserve account	(14,647,823)	(921)
	<b>3,956,841,190</b>	<b>2,279,131,764</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOAN</b>		
<b>From Banks:</b>		
Cash Credit	2,190,623,552	1,573,518,861
Term Loan From Banks	4,853,197,308	4,268,130,205
<b>From financial institution</b>		
Term Loan	111,991,065	144,150,179
	<b>7,155,811,925</b>	<b>5,985,799,246</b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOAN</b>		
From Financial Institution	502,938,356	0
From Banks	1,000,000,000	0
From Others	1,181,203,522	1,301,865,875
	<b>2,684,141,878</b>	<b>1,301,865,875</b>

**SCHEDULE - E**

Amounts in Rs.

**FIXED ASSETS AND DEPRECIATION**

Sl.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		ASON 31.3.2009	ADD./DELE.	ASON 31.3.2010	UPTO 31.3.2009	FOR THE YEAR	UPTO 31.3.2010	ASON 31.3.2010	ASON 31.3.2009
1	FREE HOLD LAND	86,618,565	(56,217,542)	30,401,023	-	-	-	30,401,023	86,618,565
2	LEASE HOLD LAND	6,249,305	361,131,938	367,381,243	-	-	-	367,381,243	6,249,305
3	FACTORY BUILDING	249,420,961	494,190,909	743,611,870	24,456,783	12,309,542	36,505,826	707,106,044	224,964,178
4	P/M - GENERAL	46,550,744	34,895,095	81,445,839	11,344,323	4,712,130	16,056,453	65,389,386	35,206,421
5	P/M - OFFICE EQUIP	3,062,641	233,625	3,296,266	686,967	166,495	853,462	2,442,803	2,375,673
6	P/M - FACT	2,986,139,528	4,051,236,640	7,037,376,168	251,879,923	160,145,736	419,366,089	6,618,010,079	2,734,259,605
7	P/M -WIND MILL	781,185,038		781,185,038	122,535,319	41,223,924	163,759,243	617,425,795	658,649,719
8	P/M - CRANE	14,572,361		14,572,361	5,928,766	601,953	6,530,719	8,041,642	8,643,595
9	CYCLE	6,827		6,827	4,820	174	4,994	1,833	2,007
10	CAR/TWO WHEELER	9,189,562	(1,129,707)	8,059,855	4,418,978	1,498,898	4,927,326	3,132,529	4,770,584
11	LORRY/TRACTOR	7,781,040	26,200,767	33,981,807	5,410,222	2,904,044	8,314,266	25,667,541	2,370,818
12	COMPUTER and Screening Sys	109,644,910	8,736,109	118,381,019	11,953,577	2,149,393	14,094,930	104,286,089	97,691,333
13	FACTORY ROLLS	-	380,970	380,970	-	-	-	380,970	-
14	INDUCTION FURNACE	6,459,788		6,459,788	1,392,730	1,028,877	2,421,607	4,038,181	5,067,058
15	FURNITURE & FITT.	1,714,381	2,832,941	4,547,322	587,231	223,971	797,410	3,749,912	1,127,150
16	CAPITAL WIP	1,052,368	971,048,084	972,100,452	-	(13,792)	-	972,100,452	1,052,368
	<b>TOTAL</b>	<b>4,309,648,018</b>	<b>5,893,539,829</b>	<b>10,203,187,847</b>	<b>440,599,639</b>	<b>226,965,137</b>	<b>673,632,325</b>	<b>9,529,555,522</b>	<b>3,869,048,379</b>

Less : Recouped from Capital Revaluation Reserve      6,588,576  
220,376,561

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
<b>SCHEDULE - F</b>		
	(Amount in Rs.)	
<b>INVESTMENTS - LONG TERM NON TRADE</b>		
<b>QUOTED INVESTMENTS</b>		
P.N.B.Gilts Limited (10000 shares of Rs. 10 each and market value Rs.239500)	300,000	300,000
Punjab National Bank (300 shares of Rs. 10 each and market value Rs.304035)	9,300	9,300
<b>Unquoted Investments</b>		
PTA Agate Resources	390,330,410	
	<b>390,639,710</b>	<b>309,300</b>
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>		
<b>i) INVENTORIES</b>		
a). Raw Materials	630,686,019	573,053,285
b). Finished Goods/WIP	735,624,770	487,433,886
c). Stores and Spares	440,165,289	325,596,477
	<b>1,806,476,078</b>	<b>1,386,083,648</b>
<b>ii) SUNDRY DEBTORS</b>		
(Unsecured Considered Good)		
a). Debts Outstanding for a period exceeding six months	54,348,867	42,813,863
b). Other Debts	2,275,890,957	1,440,146,109
	<b>2,330,239,824</b>	<b>1,482,959,972</b>
<b>iii) CASH &amp; BANK BALANCES</b>		
a). Cash on Hand	1,165,686	1,332,039
b). Cash at Bank		
i) in Current Account	822,094,192	18,431,401
ii) in Margin Money Account	146,936,523	113,104,510
	<b>970,196,401</b>	<b>132,867,950</b>
<b>iv) LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
a). CENVAT	229,679,183	361,235,148
b). Prepaid Exp. & Receivables	27,149,438	26,387,910
c). Advance to Suppliers & Others	1,353,792,482	234,535,153
d). Advance to Projects		658,445,490
e). Deposit with Government and Semi Government Departments.	26,187,585	21,017,965
f). Advance to Subsidiary *	136,164,810	
	<b>1,772,973,498</b>	<b>1,301,621,666</b>
* Related to Subsidiary not Consolidated (Refer Note 1 of Schedule Q)		
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a). CURRENT LIABILITIES</b>		
i) Creditor for Capital Goods	89,158,330	
ii) Creditor for Purchases		
- Due to others	732,048,236	940,089,611

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
iii) Creditor for Expenses	379,504,141	32,369,965
iv) Creditor - Others	21,614,158	22,896,111
	<b>1,222,324,865</b>	<b>995,355,687</b>
<b>b). PROVISIONS</b>		
i). Provision for Current Tax	68,716,408	56,615,838
ii). Provision for Leave Encashment	1,603,237	642,519
iii). Provision for Gratuity	4,868,290	2,679,070
iv). Proposed Dividend	40,725,000	30,225,000
v) Provision for Bonus	4,586,767	727,795
vi) Provision for Dividend Tax	6,921,214	5,136,739
	<b>127,420,916</b>	<b>96,026,961</b>

#### SCHEDULE - I

##### MISCELLANEOUS EXPENDITURE

(To the extent not written off)

a) Public Issue Expenses	5,160,179	5,160,179
Less : Written off during the year	5,160,179	
		5,160,179
b) Deferred Revenue Exp	14,856,924	6,367,014
Less : Written off during the year	4,578,764	1,788,251
	10,278,160	4,578,764
c) Accumulated Loss		273,359
<b>Grand Total</b>	<b>10,278,160</b>	<b>10,012,301</b>

#### SCHEDULE - J

##### SALES

Gross Sales	9,558,981,135	9,006,049,466
Less: Excise Duty	168,417,328	339,814,233
<b>Net Sales</b>	<b>9,390,563,806</b>	<b>8,666,235,233</b>
<b>Direct Income</b>		
Conversion Charges	7,885,477	26,955,005
Sale of Electricity	51,731,011	18,153,268
<b>Net Sales</b>	<b>9,450,180,294</b>	<b>8,711,343,506</b>

#### SCHEDULE - K

##### OTHER INCOME

a). Discount & Loyalty Bonus	19,641	729,733
b). Interest Received	18,107,130	4,754,472
c). Exchange Gain (Net)	73,694,562	17,126,770
d). Others	166,880,885	8,203,372
	<b>258,702,217</b>	<b>30,814,347</b>

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
<b>SCHEDULE - L</b>		
<b>MATERIAL &amp; MANUFACTURING EXPENSES</b>		
a). Cost of Material Consumed		
Opening Inventory	557,035,089	578,199,295
Add: Purchases including Carriage inward	8,807,547,159	6,901,344,665
Less: Closing Stock	630,686,019	573,053,285
Consumption	<b>8,733,896,228</b>	<b>6,906,490,675</b>
b). Stores and Spares Consumed		
Opening Inventory	321,513,137	47,591,974
Add: Purchases	270,169,613	426,881,112
Less: Closing Stock	440,165,289	325,596,477
Consumption	<b>151,517,460</b>	<b>148,876,609</b>
c). Power and Fuel	190,341,788	50,445,743
d). Repair & Maintenance	9,581,672	915,722
e). Other Manufacturing Expenses	4,489,676	641,936
f). Wages	89,408,022	57,422,217
g). Clearing and forwarding	9,876,151	3,727,046
	<b>9,189,110,998</b>	<b>7,168,519,948</b>
<b>SCHEDULE - M</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
a). Commission Paid	3,805,110	1,349,008
b). Handling and Weighment charges	2,373,439	2,028,342
c). Transportation Charges	38,626,312	15,810,598
	<b>44,804,861</b>	<b>19,187,949</b>
<b>SCHEDULE - N</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
a). Salary and Bonus	58,894,581	29,211,975
b). Printing and Stationery	1,275,115	806,075
c). Advertisement	4,694,400	454,954
d). Electricity Charges	2,026,466	3,507,439
e). Telephone Charges	3,342,421	1,946,217
f). Rent, Rates, & Taxes	10,912,823	1,458,743
g). Travelling & Conveyance Exp.	9,610,222	2,841,410
h). Postage & Telegram	317,990	171,669
i). Books & Periodicals	59,862	39,268
j). Staff Welfare	1,017,099	194,091
k). Professional & Consultancy Exp.	10,752,569	3,831,451
l). Vehicle Maintenance	3,665,972	3,653,770
m). Business Promotion Expenses	2,986,574	1,441,986
o). Audit Fees	762,242	373,580
p). Office Maintenance	766,472	1,502,333



PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
q). Donation	558,602	94,200
r). General Expenses	8,454,164	898,225
s). Insurance Charges	11,709,873	2,035,325
t). Employers Contbn. ESI & EPF	3,480,051	1,220,806
u). Testing Fees	2,647,226	95,279
v). Bad Debts written off	71,970	-
w). Exchange Loss (Net)	-	5,295,160
x). Legal Charges	1,838,186	396,225
y). Directors' Remuneration	8,405,000	6,420,000
z). Sitting Fees & Listing Fees	211,288	263,327
a). Meeting Expenses	573,008	-
b). Loss on sale of assets	-	1,189,475
c). Repairs and maintenances	157,589	120,329
d). Application Fee & Subscription Fee	933,665	661,993
e). AGM Expenses	145,246	74,614
g). Fine & Penalty	-	9,136
	<b>150,270,674</b>	<b>70,209,056</b>

**SCHEDULE - O**

**FINANCIAL EXPENSES**

a). Interest on Term Loans	290,241,719	308,924,894
b). Interest on working capital	191,084,938	
c). Hire Purchase Finance Charges		3,620
d). Bank and Other Finance Charges	93,900,246	43,918,280
	<b>575,226,903</b>	<b>352,847,794</b>

**SCHEDULE - P**

**ACCRETION/DECRETION IN INVENTORIES**

**Closing Stock**

a). Finished Goods/WIP	735,624,770	487,433,886
	<b>735,624,770</b>	<b>487,433,886</b>

**Less: Opening Stock**

a). Finished Goods/WIP	480,904,892	994,715,855
	<b>480,904,892</b>	<b>994,715,855</b>

<b>ACCRETION/DECRETION IN INVENTORIES</b>	<b>254,719,878</b>	<b>(507,281,969)</b>
-------------------------------------------	--------------------	----------------------

**SCHEDULE Q :**

**NOTES ON CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**1. Principles of Consolidation**

The Consolidated Financial Statements relate to Surana Industries Limited ("the Company") and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 – "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.
- In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- The company accounts for its share in the change in the net assets of the subsidiaries, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the company and its subsidiaries to the extent of its share, through its profit and loss account, to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2010, except for a subsidiary company (indicated as # below) for which audited financial statements as on reporting date are not available. Hence has not been considered for consolidation.

The list of subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2009 -10	2008 - 09	
<b>Subsidiaries</b>			
Surana Power Limited	100%	52%	India
Surana Mines and Minerals Ltd	100%	100%	Singapore
Surana Green Power Ltd	100%	-	India
# PT Agate Resources	51%	--	Indonesia

**2. Accounting Policies**

**(a) Basis for Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

**(b) Revenue Recognition**

Sales comprises sale of goods and services, net of trade discounts.

**(c) Employee Benefits**

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- (ii) Post employment benefits such as Gratuity, EL encashment are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions.
- (iii) Actuarial gains and losses in respect of post employment benefits are charged to the Profit and Loss Account.
- (iv) However in one of the subsidiary (Surana Power Limited), the actuarial valuation of benefits is not made.

**(d) Fixed Assets**

All fixed assets are valued at cost less accumulated depreciation. Pre-operation expenses including trial run expenses are capitalised. Borrowing costs during the period of construction is added to the cost of fixed assets.

**(e) Depreciation**

The depreciation is provided on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956.

**(f) Foreign Currency Transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to pre-operative expenses.

**(g) Investments**

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

**(h) Inventories**

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realisable value.

Coal, iron ore and other raw materials purchased by the Company are carried at lower of cost and net realisable value.

Stores and spare parts are carried at cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

Cost of inventories is generally ascertained on 'weighted average' basis. Work-in-progress and finished and semi-finished products are valued on full absorption cost basis.

**(i) Taxes on Income**

Tax expense comprises of current tax and deferred tax. Current income tax is provided on the taxable income for the period as per the provisions of Income tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

**(j) Impairment of Assets:**

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset.

**(k) Provisions and Contingent Liabilities:**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

**(l) Earnings Per Share**

Basic Earnings Per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

**3. NOTES ON ACCOUNTS**

(Rs. In Lakhs)

**a. CONTINGENT LIABILITIES NOT PROVIDED FOR :**

<b>No. Nature of Contingent Liabilities</b>	<b>2009 - 2010</b>	<b>2008 - 2009</b>
1 Bank Guarantee	348.90	376.59
2 Disputed Excise Duty Liability	210.90	210.90
3 Disputed Income Tax Liability	66.50	66.50
4 Customs duty on import	100.00	100.00
5 Customs Duty on export obligation	105.02	105.02
6 Customs duty on import of scrap	138.29	138.29
7 Karnataka VAT disputed liabilities	734.00	-
8 Civil Cases	103.00	103.00

**Note:**

In case of disputed excise duty liability Rs. 33,48,742 is paid as deposit to the department during the year 2004-05.

In case of disputed excise duty liability, the company has paid Rs. 88,32,710/- during the year 2007-08.

In case of disputed income tax liability Rs. 32,31,967/- was paid during the year 2006-07.

**b. Equity Share Warrants**

In terms of the approval of the shareholders of the Company and as per the applicable statutory provisions including Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, the Company, on 29<sup>th</sup> August 2008 had issued and allotted 70,00,000 warrants on preferential basis to Promoters entitling them to apply for equivalent number of fully paid up equity shares of Rs.10/- each of the Company, at a price of Rs.300/- per equity share on the following terms and conditions.

An amount equivalent to 10% of the exercise price arising out of the share warrants shall be payable on or before the date of allotment of share warrants which will be kept by the Company as a deposit to be adjusted and appropriated against the price of the equity shares payable by the share warrant holder at the time of exercising the option. The warrants shall be compulsorily convertible into equity shares of the Company on or before 18 months from the date of allotment of the share warrants. The warrants proposed to be allotted shall be subject to a lock-in to be determined in accordance with the provisions of the SEBI guidelines.

The holder of the warrants have to pay the balance amount of 90% of the Issue price for conversion of the share warrants into equity shares of the Company on or before expiry of 18 Months from the date of allotment of the warrants.

If the option of conversion is not exercised by the allottee of warrants on or before 18 months from the date of allotment, the total amount paid by such allottee shall be forfeited.

The Company during the year on receipt of balance 90% of the consideration has converted the warrants into 70,00,000 equity shares on 28<sup>th</sup> February 2010.

**c. Issue of Shares on Preferential Basis**

As per the approval of share holders, the company has during the year issued 7,40,000 equity shares to select group of persons on preferential basis at a price of Rs.500 per equity share (Rs. 10 paid up and premium of Rs. 490 per share). The total amount received aggregating to Rs.38.13 crores is yet to be allotted on account of open offer. Pending allotment of shares the amount received is reflected under Share Application Money.

**d. Earnings per share :**

<b>Particulars</b>	<b>(Amount in Rs.)</b>	
	<b>2009 - 2010</b>	<b>2008 - 2009</b>
Profit after Tax	(28,31,35,523)	32,46,83,816
Number of Equity shares in numbers	2,71,50,000	2,01,50,000
Weighted average number of shares	2,07,44,521	1,88,92,466
No of Potential share holders		
- FCCB	83,96,864	79,77,108
- Share Warrants	-	70,00,000
Total number of share holding including potential shareholders	2,91,41,385	3,38,69,574
Basic EPS	(13.65)	17.19
Diluted EPS	(9.72)	9.59

**e. Deferred Tax Liability (Net)**

The components of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March 2010 and 31<sup>st</sup> March 2009 are as given below.

Components	31 <sup>st</sup> March 2010 (Amount in Rs.)	31 <sup>st</sup> March 2009 (Amount in Rs.)
<b>Deferred Tax Liability</b>		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	56,16,83,504	47,49,54,935
<b>Deferred Tax Asset</b>		
On account of Losses available under the Income Tax Act (B)	10,60,27,550	-
<b>Net Deferred Tax Liability (A) – (B)</b>	45,56,55,952	47,49,54,935
<b>Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax</b>	(1,92,98,984)	11,15,82,672

f. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

g. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

**Post retirement Benefit – Gratuity**

Particulars	(Amount in Rs.)	
	2009-10	2008-09
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	23,64,017	14,53,903
Interest Costs	1,89,121	1,16,312
Current Service Costs	4,67,363	1,96,388
Benefit Paid	(42,888)	—
Actuarial (gain)/Loss on obligation	18,90,676	5,97,414
Liability at the end of the period	48,68,289	23,64,017

**Post retirement Benefit – EL Encashment**

Particulars	(Amount in Rs.)	
	2009-10	2008-09
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	6,42,518	1,93,472
Interest Costs	51,401	15,478
Current Service Costs	2,16,026	1,13,469
Benefit Paid	(2,20,951)	(22,003)
Actuarial (gain)/Loss on obligation	9,14,243	3,42,102
Liability at the end of the period	16,03,237	6,42,518

**h. Foreign Currency Transactions:**

(Amount in Rs.)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
A. Foreign Exchange Earnings		
FOB Value of Exports	Nil	Nil
Bank interest	Nil	Nil
B. Expenditure on foreign currency		
Import of Raw materials (CIF Value)	64,80,36,069	5,53,02,283
Foreign Travel Expenses	6,94,452	2,91,281
Interest on FCCB Interest	2,19,73,015	3,28,95,069

**i. Segment Reporting:**

Information about Primary business segment

(Rs. In lakhs)

<b>Particulars</b>	<b>Steel</b>	<b>Others</b>	<b>Total</b>
Total Revenue	99636.02	—	99636.02
Segment revenue before exceptional items, interest and tax	3493.00	—	3493.00
Less: Net Financial Charges	5752.27		5752.27
Profit before exceptional items and tax	(2259.27)		(2259.27)
Less: Exceptional items	—	—	—
Profit after exceptional items and tax	(2259.27)	—	(2259.27)
Taxes	572.09	—	572.09
Profit after Taxes	(2831.35)	—	(2831.35)
Segment Assets	119592.44	38949.17	158541.61
Segment Liabilities	12753.90	743.56	13497.46
Total cost incurred during the year to acquire segment assets	21864.84	37070.56	58935.40
Segment Depreciation	2203.76	—	2203.76
Non cash expenditure other than depreciation	97.39	—	97.39

**Information about secondary segment:**

<b>Particulars</b>	<b>(Rs. in Lacks)</b>
	<b>2009-10</b>
Revenue by Geographical Market	
- India	99636.02
- Outside India	—
Total	99636.02
Additions to Fixed Assets/Intangible assets	
- India	58935.40
- Outside India	—
Total	58935.40
Carrying amount of Segment Assets	
- India	157126.87
- Outside India	1414.74
Total	158541.61

**j.** Figures in financial statements and notes have been rounded off to nearest rupee. Quantity figures have been rounded off to the nearest metric tonne.

**k.** Previous year's figures have been regrouped, recast and re arranged wherever found necessary.

**Signatories to Schedule A to Q**

As per our report of even date attached.

For **C.S.P.Jain & Co.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor (M No. 11529)

For **R.Subramanian & Company**  
Chartered Accountants

**A.S. RAMANATHAN**  
Partner

M. No : 11072  
Firm No: 004137S

For and on behalf of the Board

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

Place:Chennai  
Date :15th May 2010



**CONSOLIDATED CASHFLOW FROM OPERATING ACTIVITIES**

PARTICULARS	Year ended 31/3/10	Year ended 31/3/09
	(Amount in Rs.)	
Net Profit before Tax and Extraordinary Items	(225,926,549)	499,698,485
Adjustments for :		
Depreciation	220,376,561	122,897,761
Interest Income	18,107,130	4,754,472
Interest Expenses	575,226,903	352,846,764
Other Non Cash Expenditure	9,738,942	1,788,250
Loss on Sale of Asset	0	1,189,475
Profit on sale of Assets	(555,557,003)	-
Operating Profit Before Working Capital Changes	1,116,865,730	973,666,263
Adjustments for :		
Trade and Other Receivables	1,318,631,683	856,005,990
Inventories	420,392,430	234,423,476
Trade Payables	(233,978,088)	(1,257,845,000)
Cash Generated from Operations	(388,180,295)	1,141,081,798
Interest Paid	575,226,903	352,846,764
Interest Income	18,107,130	4,754,472
Direct Taxes Paid	69,544,126	111,225,785
Dividend Paid	30,225,000	25,725,000
Cash Flow Before Extraordinary Items	(1,045,069,194)	656,038,720
Extraordinary Items	10,278,160	273,359
Net Cash from Operating Activities	(1,055,347,354)	655,765,361
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,540,941,107)	(3,226,062,136)
Sale of Assets	276,587	-
Purchase of Investments	(390,330,410)	-
Net Cash Used in Investing Activities	(2,930,994,930)	(3,226,062,136)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	2,271,382,052	331,185,000
Proceeds from Long Term Borrowings	2,552,288,683	2,103,984,135
Net Cash Used in Financing Activities	4,823,670,735	2,435,169,135
Net Increase in Cash & Cash Equivalents	837,328,451	(135,127,640)
Cash & Cash Equivalents as opening balances	132,867,950	267,995,590
Cash & Cash Equivalents as closing balances	970,196,401	132,867,950
	837,328,451	(135,127,640)

For and on behalf of the Board

Place: Chennai  
Date : 15th May 2010

**DINESHCHAND SURANA**  
Managing Director

**AUDITORS' CERTIFICATE**

We have verified the attached cash flow statement of M/s. Surana Industries limited derived from Audited Financial Statements and the Books and records maintained by the Company for years ended 31st March, 2010 and 31st March, 2009 and found the same in agreement therewith.

As per our report of even date attached.

For **C.S.P.Jain & Co.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor (M No. 11529)

For **R.Subramanian & Company**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

Place:Chennai

Date :15th May 2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES**

1 Name of the Company	<b>Surana Power Limited</b>	<b>Surana Mines and Minerals Limited</b>	<b>Surana Green Power Limited</b>
2 Financial year of the Company	31st March, 2010	31st March, 2010	31st March, 2010
3 Share of the subsidiary held by Surana Industries Limited on the above date			
a). Number of shares and face value	143025700 equity shares of Rs.10 each (Fully paid up)	15000001 equity shares of S\$1 each (Fully paid up)	50000 equity shares of Rs. 10 each (Fully paid up)
b). Extent of holding	100%	100%	100%
4 Net Aggregate amount of profit/(loss) of the subsidiary so far as they concern the members of Surana Industries Limited			
a). Dealt within the accounts of Surana Industries Limited for the year ended 31st March 2010	Nil	Nil	Nil
b). Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2010	Nil	(4,54,707)	Nil
5 Net Aggregate amount of profit/(loss) for previous financial years of the subsidiary since it became a subsidiary so far as they concern the members of Surana Industries Limited			
a). Dealt within the accounts of Surana Industries Limited for the year ended 31st March 2009	Nil	Nil	Nil
b). Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2009	-	-	-

***For and on behalf of the Board***

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

Place:Chennai

Date : 15th May 2010

**STATEMENT ANNEXED TO THE CONSOLIDATED ACCOUNTS PURSUANT TO APPROVAL UNDER SECTION 212 (8)  
OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES AS AT 31ST MARCH 2010**

<b>Particulars</b>	<b>Surana Power Limited</b>	<b>Surana Mines and Minerals Limited</b>	<b>Surana Green Power Limited</b>
		(Amount in Rs.)	
1 Share Capital	2,17,83,57,000	49,14,79,806	5,00,000
2 Reserves	-	(6,69,381)	-
3 Total Assets	4,86,58,57,000	49,08,10,425	5,00,000
4 Total Liabilities	4,86,58,57,000	49,08,10,425	5,00,000
5 Investments	-	39,03,30,410	-
6 Income	-	-	-
7 Profit/ (Loss) Before Tax	-	(4,54,707)	-
8 Taxes	-	-	-
9 Profit/ (Loss) After Tax	-	(4,54,707)	-
10 Proposed Dividend	-	-	-

*For and on behalf of the Board*

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Whole Time Director - Finance

Place:Chennai

Date : 15th May 2010

**BOOK POST**

TO:

*If undelivered, please return to :*

**Surana Industries Limited**

Regd. - cum - Corporate H.O.:

No.29, (Old No.16,) Whites Road, II Floor,  
Royapettah, Chennai - 600 014.