

The Future is in..

Surama Industries Limited | Annual report 2011



Forward looking statements


In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

The future is inside

Surana at a glance	00	Key milestones	00
Performance highlights & trends	00	Our reach	00
Management Discussion and Analysis	00	Directors’ Report	00
Report on Corporate Governance	00	Financial Section	00

A photograph of two hands held up, palms facing each other, against a bright, cloudy sky. The hands are positioned as if holding something precious or offering a prayer. The sky is filled with soft, white clouds and a bright light source, possibly the sun, creating a hazy, ethereal atmosphere. The entire image is framed by a white border.

**The best thing about
the future is that it comes
one day at a time.**

- Abraham Lincoln

The future is in sight.

In the first two decades since our inception, we focused on creating a reputed business model based on the core principles of knowledge, teamwork, quality and our ability to customise products for our clients. By doing so, we didn't only manage to register a sustainable growth but also built a strong foundation that would catapult us onto the next level of growth.

Having established ourselves as among the key value-added steel product producers in Karnataka and southern India, we have embarked on a journey to redefine our business. We are setting up an integrated steel plant with a project cost equivalent to seven-times our total revenues and [] times our EBIDTA for 2010-11.

The rationale – the envisioned project would not only result in scaling up our operations, thereby providing with advantages relating to efficiencies and economies of scale but would also enable us tap the immense latent demand for steel products that the country offers in the near future.

The goal is set. The capabilities defined. The team is ready. The future is in-sight.





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About us

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OUR ORIGIN

Surana Industries Limited is the flagship company of Surana Group, having diversified business interest in steel, power, mining and jewelry. Established by first generation entrepreneurs Mr. G. R. Surana, Mr. Shantilal Surana, Mr. Vijayraj Surana and Mr. Dineshchand Surana in 1991 as Surana Metals and Steel (India) Limited, the company was rechristened as Surana Industries Limited in 2002. The Company is presently headed by Mr. G. R. Surana (Chairman) and Dineshchand Surana (Managing Director).



WHAT WE OFFER

TMT Bars, CRS Bars, Rounds, Structurals, Billets and Ingots

Facilities	Capacities (MTPA)
DRI Plant	0.16
Electric Arc Furnace	0.25
Billet Caster	0.24
Bar Mill	0.40

WHERE ARE WE BASED

Corporate office

Chennai, Tamil Nadu

Manufacturing facilities

Raichur, Karnataka

Gummidipoondi, Tamil Nadu

Chennai, Tamil Nadu (Works)

PEOPLE

[] employees as on 31.03.2011

LISTINGS

The company's stocks are listed the Bombay Stock Exchange (Stock code: 513597). Our market capitalization as on 31.03.2011 was Rs. [] mn.

SUBSIDIARY COMPANIES

Surana Power Limited – Established in 2008, the company operates a 35 MW thermal power plant at Raichur

Surana Mines and Minerals Limited – Established in [], the company owns investments in coal mines in Indonesia

Surana Green Power Limited – Established in [], the company generated power using wind energy





Vision

To become a vibrant, economically strong, socially responsible organization and evolve as the primary choice of national and global customers.

Mission

To achieve the Vision, we shall expand activities in the rapidly growing steel industry; thereby cater to the fullest needs of customers. We shall meet interests of all Stakeholders and integrate the economic activity of the company with the National Economy.

Core values

Dedication

Stakeholder Satisfaction

Care for Environment

Creativity & Innovation

Our **journey** till now

1991

Incorporated as a Public Limited Company

1994

Commenced steel operations in Gummidipoondi, Chennai

2003

- Undertook a modernization programme to Increase installed capacity
- Establish manufacturing facilities for thermo Mechanically Treated Bars

2006

Expansion programme initiated to establish an integrated Steel Plant (ISC) at Raichur, Karnataka

2009

- Formed Surana Power Ltd. (SPL) as a subsidiary of Surana Industries Ltd. (SIL) and hived off existing 35 MW power plant
- Formed Surana Mines and Minerals Ltd, which acquired 51% stake in PT Agate resources, Indonesia

2010

Hived off all existing wind mills into another subsidiary, Surana Green Power Ltd.

2010-11 in numbers

29%	increase in total revenues to Rs. 12.23 bn
142%	increase in EBIDTA to Rs. 1.59 bn
63%	increase in profit after tax to Rs. 565.4 mn
13.0%	EBIDTA margin

Our growth path



4.6%	PAT margin
24.5%	increase in EPS to Rs. 20.83
10.3%	RONW
8.64%	Dividend payout ratio

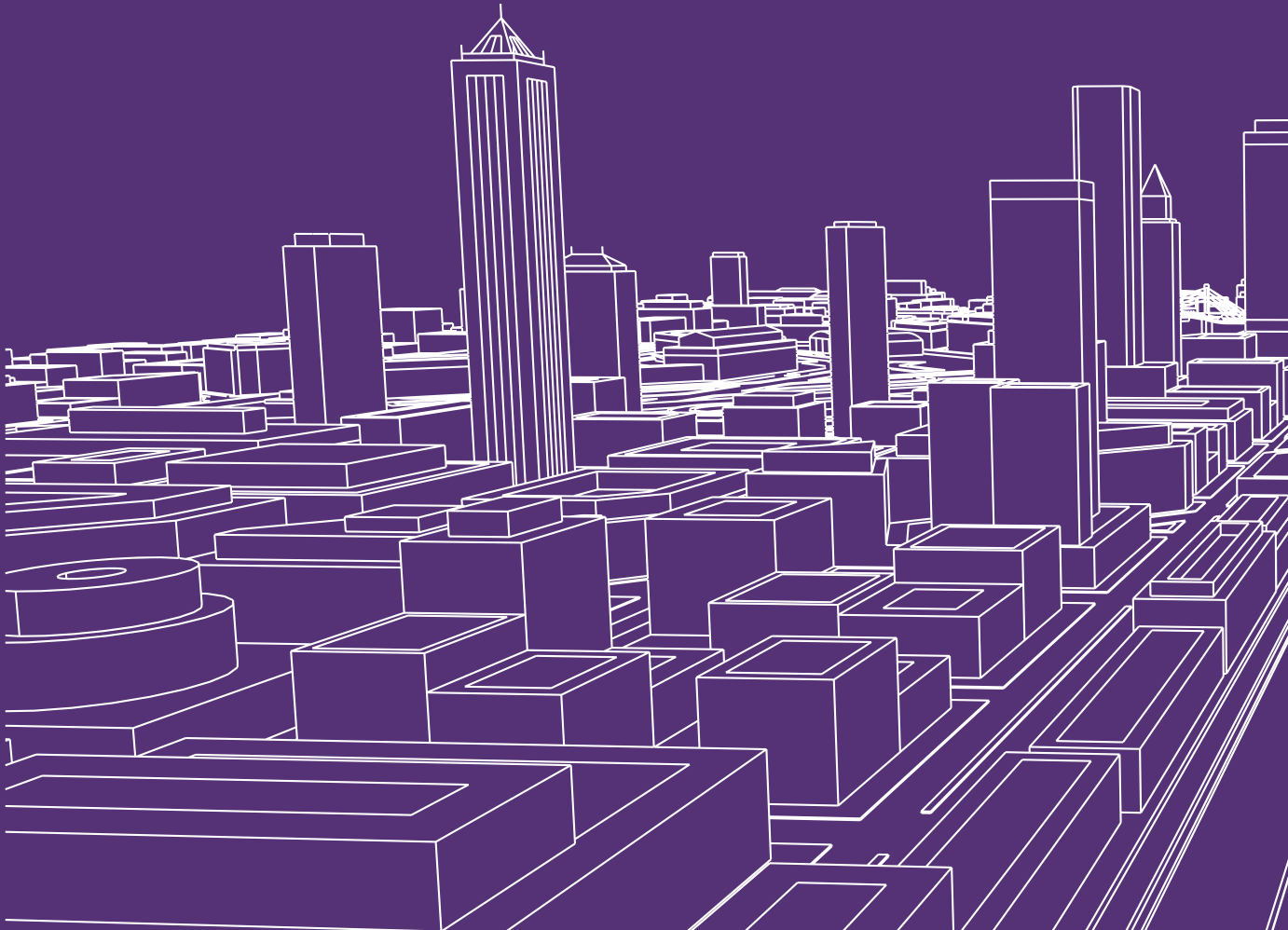


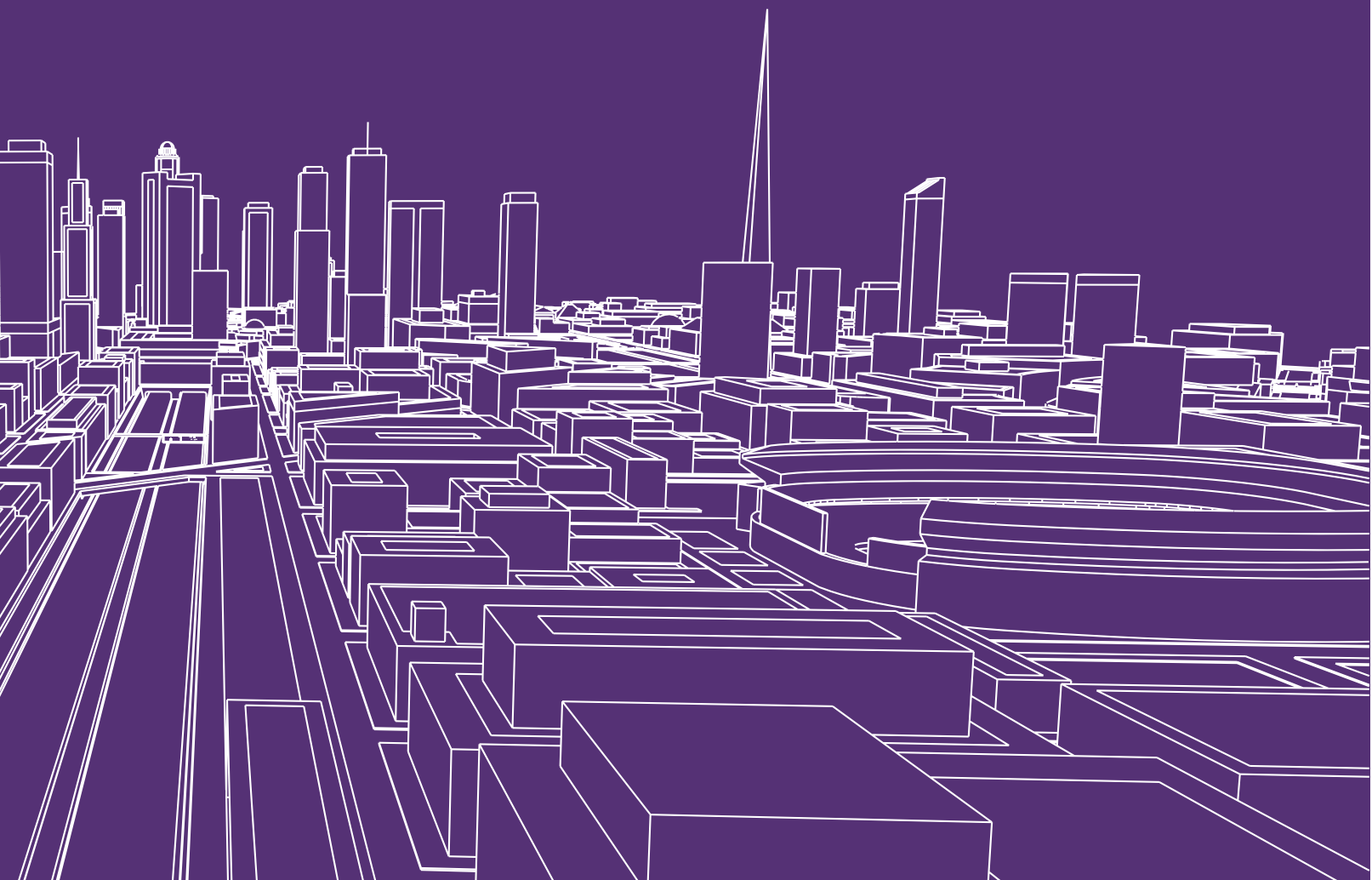
The future
is us

The **future** is us.



Future is in





the future is india





Directors' Report

The Directors of the Company have great pleasure in presenting to you the 20th ANNUAL REPORT of the Company, together with the Audited Balance Sheet as on 31st March, 2011 and the Profit and Loss Account for the year ending on 31st March, 2011.

1. FINANCIAL RESULTS

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

	(Rs In Crore)	
	2009-2010	2010-2011
Net Sales	945.02	1223.02
Profit before Tax and Depreciation	6.94	76.39
Profit before Tax	15.09	50.72
Income from Exceptional Items	55.52	3.73
Provision for Current Year Tax + FBT	7.65	11.40
Deferred Tax Provision	(1.93)	4.43
Mat Credit Entitlement	-	(17.93)
Profit after Taxes	34.71	56.54
Proposed Dividend	4.07	4.88
Dividend Tax	0.69	0.79
Transfer to General Reserves	3.47	5.65
Balance carried forward from previous year	106.17	132.65
Balance Carried Forward to Balance Sheet	132.65	177.85

1.1. Financial Performance

With the improved market sentiments and sustained demand from key sectors –infrastructure and automobiles, the Company posted a total revenue of Rs. [] crore during 2010-11, up by [] per cent, against Rs. [] crore in 2009-10. The Company's EBIDTA improved by [] per cent, to Rs. [] crore in 2010-11, against Rs. [] crore in 2009-10. The Company's EBIDTA margin improved to [] per cent, on account of strong cost control measures, efficient inventory management and higher realization. The Company's profit after taxes stood at Rs. [] crore in 2010-11, up [] per cent.

2. KEY FINANCIAL INDICATORS

The salient features of the performance of the Company can be seen from the following financial indicators:

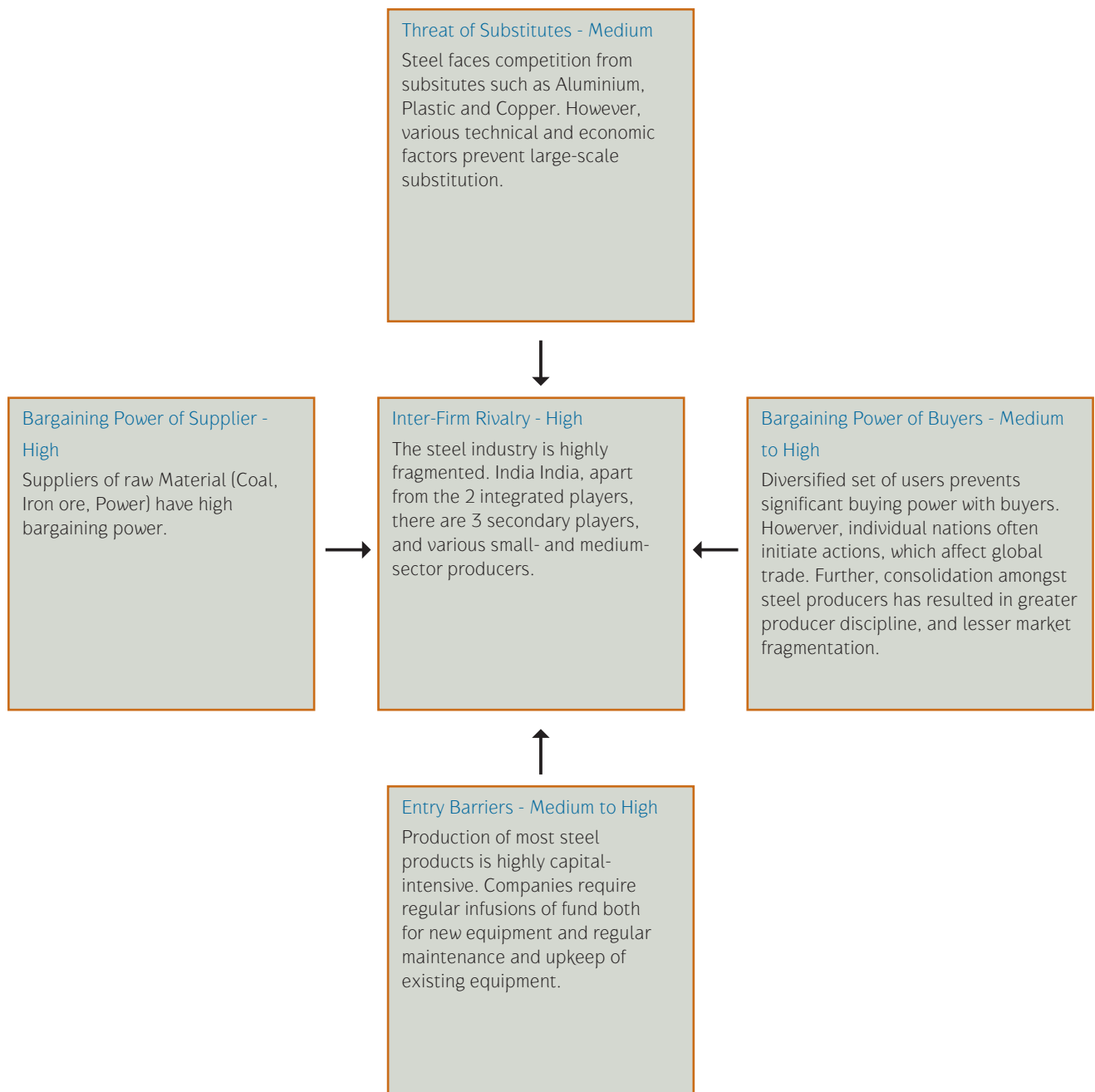
	2009-2010	2010-2011
Earnings Per Share (Rs)	16.73	20.83
Dividend Per Share (Rs)	1.50	1.80
Dividend Payout Ratio (Per Cent)	11.72	8.64
Return On Net Worth (Per Cent)	6.60	10.34

3. DIVIDEND

Your Directors have recommended a final dividend of Rs. []/- per equity share ([] per cent) for the financial year ended on March 31, 2011. The dividend distribution would result in a cash outflow of Rs. [] lac including tax on dividend of Rs. [] lac as against Rs. [] lac, including tax on dividend of Rs. [] lac, in the previous year.

4. INDUSTRY OVERVIEW AND OUTLOOK

ENVIRONMENT ANALYSIS : PORTER'S MODEL



Directors' Report (CONTD.)

4.1. Global overview

The world crude steel-making capacity has increased from around 1,062 MTPA in 2000 to an estimated 1,700 MTPA in 2009, followed by an increase to 1,800 MTPA in 2010. By 1998, capacity had already increased by 10 per cent over the level for 1990 and subsequently, the annual growth rate has declined from 1.35 per cent in 1999 to 0.15 per cent in 2002. However, growth rates have improved during 2004-08, mainly driven by a significant increase in China. Between 2002 and 2009, capacity expansions in China have accounted for 63-65 per cent of worldwide capacity expansions. See Graph → 1

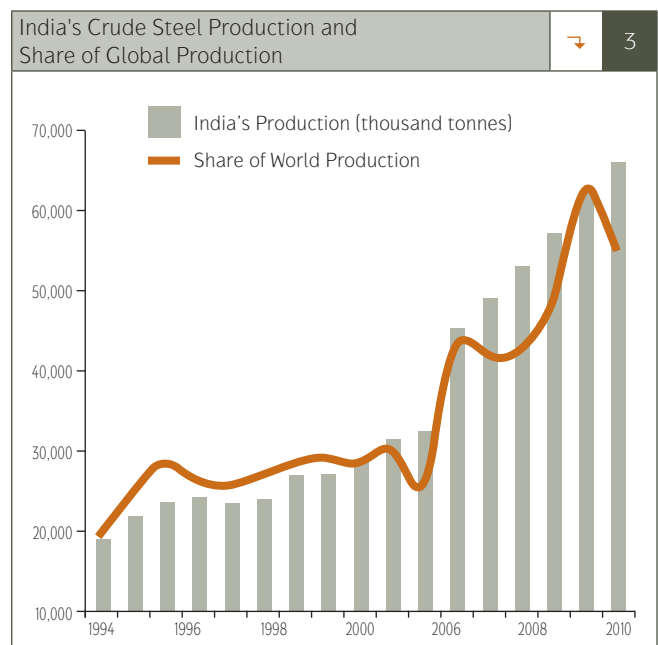
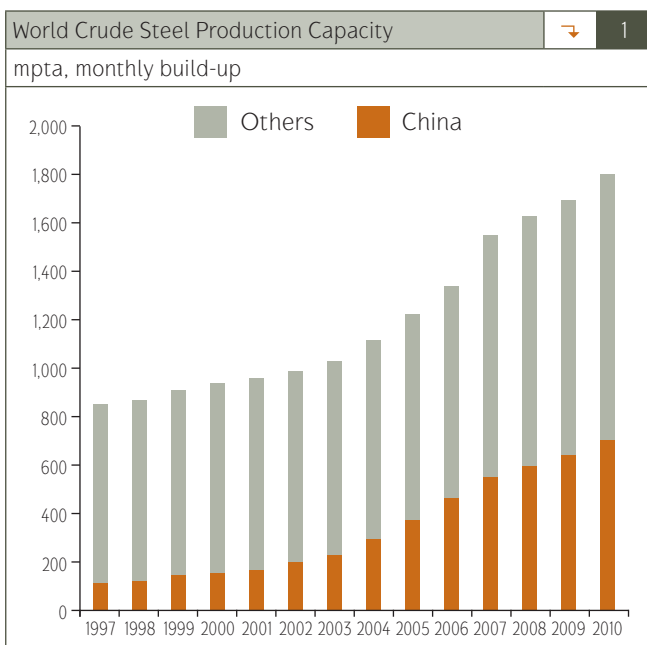
In recent years, China has been the main cause of expanding world steel demand and production. Historically, China has been unable to satisfy domestic demand with domestic supply. However, China's unprecedented steel production expansions are changing this situation. While China plans to continue massive expansions in capacity, domestic demand growth has slowed during 2010. With overcapacity, it also seems likely that China could flood the world with potentially dumped exports. At the least, increased Chinese production could replace imports, resulting in excess production capacity in the rest of the world.

See Graph → 2



4.2. Indian overview

The Indian steel industry ranks fifth in the world with estimated crude steel production of 67 MTPA in calendar year (CY) 2010. The share of India in global crude steel production has increased from 3 per cent in 1998 to 4.7 per cent in 2010. See Graph → 3

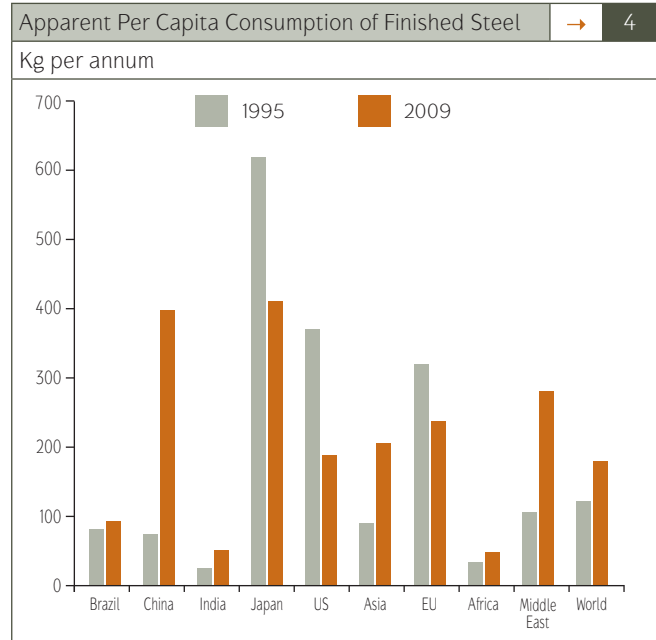


As a consuming market, India presents a high growth potential with a low annual per capita finished steel consumption of 48 kg, as compared with 405 kg in China. [See Graph → 4](#)

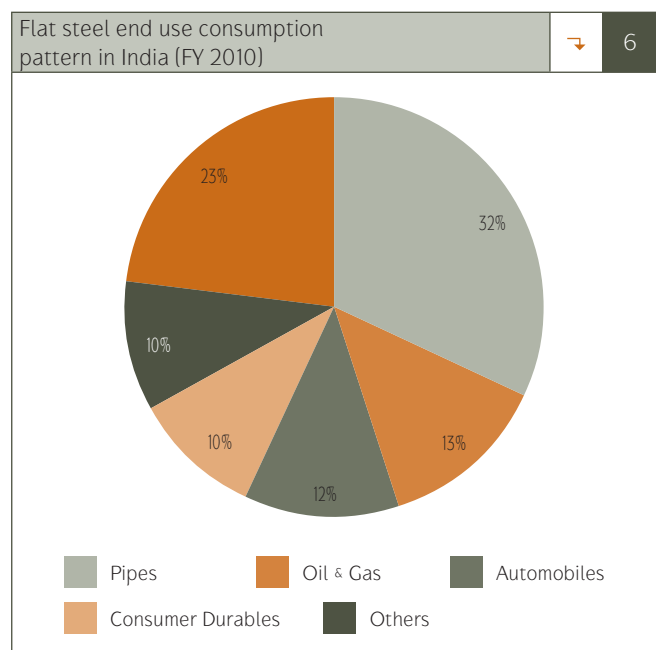
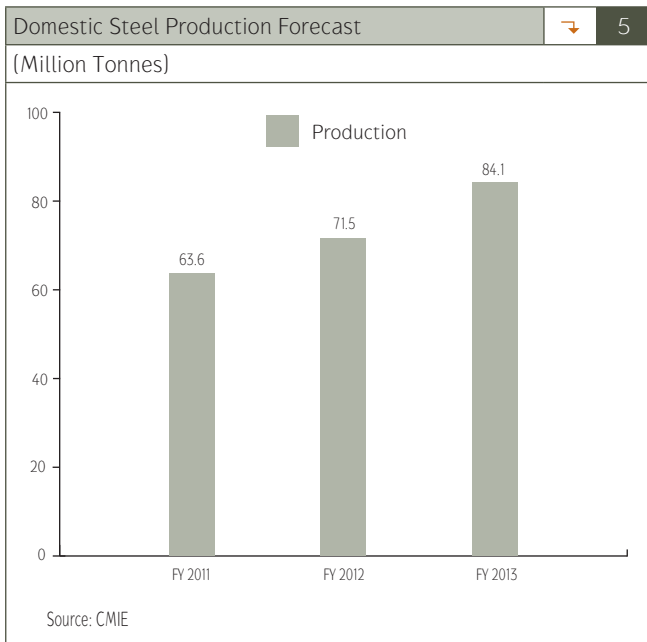
The structure of the Indian steel industry comprises of primary producers, secondary producers and small scale stand-alone processors, with an estimated installed capacity of 73 MTPA of crude steel during 2009-10, comprising main producers (22.5 MTPA), major secondary producers (17.2 MTPA), and others (33 MTPA).

The robust growth of global steel demand in the previous years' provided significant pricing power to steel producers and they were able to pass on the increase in raw material prices to buyers. This prompted many players to increase their steel making capacities to capitalize on the rising global steel demand, with major expansions taking place in China and India.

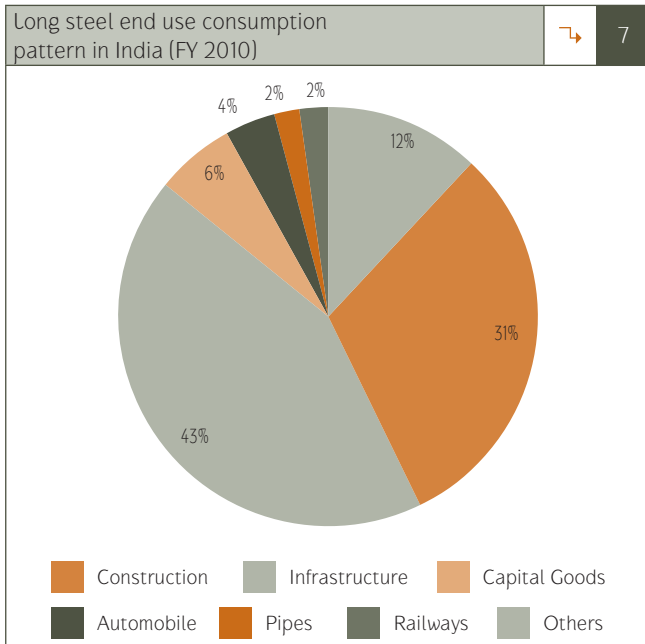
The domestic steel production forecasts indicate that the demand will go up during financial years ending 31st March, 2012 and 2013. [See Graph → 5](#)



As per CRISIL Research, the Indian steel industry is expected to witness continued demand in wake of sustained demand for the key consumer industries such as automobiles, oil & gas, construction and infrastructure. With a combined share of 74 per cent, the Indian construction and infrastructure industry is the largest consumer of steel, followed by automotive and capital goods segments. [See Graph → 6 → 7](#)



Directors' Report (CONTD.)



To support a growing economy, creating superior infrastructure has been the key agenda of the country's government. With the Public-Private Partnership (PPP) bridging the crucial funding gap, the momentum from several projects in the urban as well as rural India will further the growth of steel sector. Besides, the recent entry of foreign players in the automobile sector will further boost steel demand.

4.3. Industry outlook

Infrastructure spends account for 5.5 per cent of the total Indian GDP and is expected to increase to 9 per cent by 2011-12 onwards, thereby fuelling the demand for steel. The finished steel consumption is expected to grow by 12 per cent and 14 per cent respectively in 2011-12 and 2012-13, after an estimated 9.5 per cent growth in 2010-11. A significant driver of this demand growth is the Eleventh five-year plan, which has targeted investments of Rs. 16,800 crore focused towards infrastructure development.

Power, Roads, Telecommunication and Railways will constitute 72 per cent of the proposed spending. Based on the current estimates, infrastructure investment of USD 514 Billion would generate steel demand of 125 Million Tonnes over a period of 5 years. The Twelfth Five Year plan (2012-13 to 2016-17) estimates an investment outlay of USD 1.03 trillion

at 2006-07 prices, a 100 per cent increase over the previous plan entailing a huge demand potential for steel in the coming years.

In order to keep up with this demand, the steel industry is expected to add substantial quantity of finished steel capacity during 2010-11 to 2012-13. By March 2013, finished steel production is expected to touch 84 MT from around 63.6 MT in the financial year 2011 as per CMIE. The installed capacity for crude steel is projected to be 200 MTPA by 2019-20 as per the National Steel Policy, formulated by the Ministry of Steel.

5. RAW MATERIAL DYNAMICS

5.1. Raw materials

Iron-ore is the main raw material for our production. India has total iron ore reserves of 25 Bn T available mainly in Orissa, Jharkhand, Chhattisgarh & Karnataka. Our country is the third largest exporter of iron-ore with approximately 60 per cent of the total production being exported. Iron-ore production and consumption has grown at a compounded annual growth rate of 11 per cent and 17 per cent respectively, during the 2004-09 period.

During 2010-2011, there has been an upward movement in iron ore prices on account of economics and government policy factors. In Karnataka, the supply of iron ore was affected due to closure of certain iron-ore mines due to disputes between the Government Departments and some of the Iron Ore Producers. During January 2010, the National Mineral Development Corporation increased iron-ore prices by 15 per cent. Coking coal prices have also been revised upwards, resulting in further increase in cost of steel production.

5.2. Transport Issues

During the year, the Company had to deal with a number of transportation bottlenecks. It became increasingly difficult to move iron-ore to the factory mainly on account of unusually disruptive monsoon rains, which caused the roads to flood. Raichur, being a small town in the interior of Karnataka, availability of adequate transport became difficult at such time and resulted in higher transportation costs. However,

your Company has since then made arrangements with transporters and has significantly eased the movement of iron-ore to the factory.

5.3. Allotment of Iron Ore Mines

The Company has already applied to the Government of Karnataka for allotment of Iron Ore Mines. 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.

5.4. Coal Supplies

Your Directors are pleased to state that our subsidiary company, viz., Surana Mines and Minerals Limited, Singapore has entered into an agreement with an Indonesian firm for exploitation of coal mines in Indonesia. This will ensure regular supply of coal from Indonesia to both Surana Power Limited as well as to Surana Industries Limited. The prices of coal will be very competitive and this will ensure cost competitiveness for the Company's steel production.

6. OPERATIONAL ISSUES

6.1. Gummidipoondi Plant

During the last couple of years, the production at Gummidipoondi plant was affected due to severe power shortage in Tamil Nadu. From June 2008 onwards, there has been a 40 per cent power cut for the industries in Tamil Nadu and this situation continued for most part of 2009-2010. The situation has not improved significantly and the normalcy has not been restored.

6.2. Integrated Steel Plant at Raichur

The Integrated Steel Complex at Raichur is being implemented in two phases. The first phase comprising of Sponge Iron Plant (Direct Reduction of Iron) and Steel Melting Shop was completed in June 2008 and February 2009, respectively. The Rolling Mill operation has been taken up in the second phase wherein the capacity of the rolling mill is being increased from 0.2 MT per annum to 3 MT per annum. This expansion is expected to be fully operational by June 2011.

7. SUBSIDIARIES

7.1 Surana Power Limited

The captive power plant of 35 MW at the Raichur plant site has been hived off for a consideration of Rs. 237 crore to our subsidiary company Surana Power Limited with the approval of the Shareholders through Postal Ballot on 21st October, 2009.

Surana Industries Limited received the consideration for the above hive off of the assets as under;

By Way Of Shares In Surana Power Limited	Rs. 68.75 crore
Proceeds Of Bank Loan	Rs. 168.25 crore
Total Consideration Amount	Rs. 237.00 crore

Out of the amount of Rs. 168.75 crore, SIL has repaid to the banks a sum of around Rs. 89 crore, being the term loan component meant for the 35 MW Power Plant. Surana Power Limited is now setting up 2 x 210 MW Thermal Power Plant at Raichur at a total cost of Rs. 2400 crore after acquiring the captive power plant of 35 MW Thermal Power Plant from Surana Industries Limited as mentioned above. After completion of the 420 MW Thermal Power Plant, the generation capacity of Surana Power Limited will be increased to 455 MW.

Surana Industries Limited has already infused capital contribution of Rs. 380 crore and their Associates and others are expected to bring in their share of Rs. 300 crore in due course.

Loans of Rs. 1,800 crore have been tied up for the 420 MW power plant. The financial closure is over and the consortium banks have started disbursement of the loans as per the implementation schedule.

7.2 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.

Directors' Report (CONTD.)

Surana Industries Limited has acquired the entire shareholdings of Surana Mines and Minerals from Surana Power Limited for a total consideration of Singapore \$ 15,000,001 (Singapore Dollars Fifteen Million and one only). Therefore, with effect from 14th March, 2011 Surana Mines and Minerals Limited has become a subsidiary of your Company.

7.3 Surana Greenpower Limited

Until recently, your Company owned 9 windmills located in Radhapuram, Dist. Tirunelveli, Tamil Nadu. Of these, the Company decided to hive off eight windmills to our subsidiary company, viz., Surana Green Power Limited, which was incorporated on 3rd March, 2010. The main objectives of Surana Green Power Limited 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.

The value of the eight wind mills was assessed by Messrs Grant Thornton, a leading firm of Chartered Accountants, at Rs. 70 crore and sold to Surana Green Power Limited at Rs. 70 crore . The Company paid the full consideration to Surana Industries Limited as under:

By way of Cash which we repaid to the Banks towards Liquidation of the term loans against the Wind Mills.	Rs. 24.50 crore
By way of issue of capital to Surana Industries Ltd	Rs. 45.50

8. OUTLOOK AND COMPANY'S EXPANSION PLANS

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 cent per annum.

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.

Taking into account the above factors and as there will be a large scale demand for special steels, your Company have embarked upon an expansion programme for addition of 1.4 Million tonnes per annum of steel production. The details are given as under:

8.1. Expansion programme

To further tap the growth potential in the steel industry and diversify its product portfolio, SIL envisages setting up a 1.4 MTPA integrated crude steel making facility ("Project"), at Raichur. The key facilities to be set up as part of the Project are Beneficiation Plant, Pellet Plant, Coke Oven Plant, Hot Rolling Mill, Cold Rolling Mill (including Galvanizing line, Colour Coating line and CRNGO line) and Captive Power Plant. The Techno Economic Feasibility Report (TEFR) has been prepared by Messrs Ferro Green Technologies P Ltd. and independently vetted by Messrs Mot Macdonald. The Project cost estimated at Rs. 7,937 Crore is proposed to be financed by way of Rs. 5,291 Crore of rupee term loan and Rs. 2,646 Crore of equity.

The total land requirements for the Project is estimated around 350 acres. The Company has 70 acres of vacant land at its existing site adjacent to the proposed plant site. The Company would utilize the surplus land for the Project. The balance 280 acres are being acquired through Karnataka Industrial Area Development Board.

SIL is currently into manufacturing of long products out of its facility at Raichur & Gummidipoondi. In its endeavor to bring economies of scale and product diversification, the Company envisages setting up a 1.4 MTPA crude steel making facility at Raichur adjacent to the existing plant to take its crude steel making capacity from 0.2 MTPA to 1.6 MTPA and saleable steel capacity from 0.4 MTPA to 1.5 MTPA. Upon implementation of the Project, SIL would have the following facilities:

(MTPA)

Facility	Existing	Expansion	Total
A. RAW MATERIAL PREPARATION UNIT			
Beneficiation Plant	-	3.09	3.09
Sinter Plant	-	1.92	1.92
Pellet Plant	-	1.20	1.20
Coke Oven	-	0.77	0.77
B. IRON MAKING UNIT			
DRI Plant	0.16	0.08	0.24
Blast Furnace	-	1.51	1.51
C. LIQUID STEEL & SEMIS MAKING UNIT			
Basic Oxygen Furnace	-	1.19	1.19
Electric Arc Furnace	0.25	0.22	0.47
Slab Caster	-	0.80	0.80
Bloom Caster	-	0.35	0.35
Billet Caster	0.24	0.21	0.45
D. ROLLING UNIT			
Hot Rolling Mill	-	0.78	0.78
Bar Mill	0.40*	-	0.40
Cold Rolling Complex	-	0.48	0.48
E. OTHER FACILITIES			
Captive Power Plant#	-	60.00	60.00
Calcination Plant	-	0.35	0.35
Oxygen Plant##	-	163.00	163.00

Measured in MW## Measured in Million NM3 per Annum

* 0.3 MTPA (under implementation) @ Raichur & 0.1 MTPA @ Gummidipoondi

8.1.1. Key strengths

The key competitive strengths of the Project are as follows:

8.1.1.1. Strategic Location

The Project site is located within a radius of 200 Km from the iron ore mines of the Bellary-Hospet region. The proximity to the iron ore mines would reduce the transportation cost of iron ore fines for the Company.

8.1.1.2. Raw Material Linkage

Beside the presence of nearby iron ore mines, the Company has also entered into long-term arrangements for supply of coking and non-coking coal, the other key raw material. The Company has entered into a 20 year contract for supply of coking coal with Sycamore Reserves LLC through its subsidiary Surana Mines & Minerals Limited. The Company would also source non-coking coal from the JV firm of SMML. Through these arrangements, the Project would be reasonably protected from the price volatility and risk of raw material shortage.

8.1.1.3. Captive Power

The Project envisages setting up of a captive power plant of 60 MW, which would partly meet the requirement of power for the Project. The remaining power requirement of Project has been tied up through a Power Purchase Agreement (PPA) entered with SURANA POWER LIMITED. As you are aware, SPL has an existing capacity to generate 35 MW and is currently setting up a 420 MW power plant adjacent to the Project site, thereby ensuring a dependable power linkage.

Directors' Report (CONTD.)

8.1.1.4. Logistics:

SIL is in discussions with reputed logistics service provider(s), viz., VNR Logistics Pvt. Ltd (VNR) and Grant India Logistics Pvt. Ltd (GIL) for inbound transportation of key raw materials (iron ore, coking coal and non-coking coal) for the Project. The Company proposes to enter into a firm contract for the logistics arrangements before commencement of operations.

8.1.2. Saleable Steel Product Mix:

The proposed saleable products and by-products from the expansion Project have been tabulated below:

(TPA)

Particulars	Quantity
SALEABLE PRODUCTS	
Blooms	350,000
Billets	213,000
Hot Rolled Coil	275,000
Cold Rolled Coil	17,000
CRNGO	100,000
GP/AZ Coil	298,000
Colour Coated	60,000
Total Finished Steel	1,313,000
Less: Consumption at existing facilities	(213,000)
Saleable Steel	1,100,000
OTHER PRODUCTS	
Coke/Coke Breeze	70,000
Pellet	359,000
Slag	417,000
Benzol	9,500
Coal Tar	30,800
Sulphur	1,400

The Technical Feasibility Report (TEFR) has been prepared by Messrs Ferro Green Technologies P Limited. Further, this TEFR was vetted by M/s Mutt Macdonold, a leading consultancy firm in the panel of Institutions and banks.

8.1.3. Project cost Summary

The total Project cost is estimated at Rs. 7,937 Crore. The Project would be implemented in a phased manner. The break-up of the Project cost is as under:

(Rs. Crore)

Particulars	RM Plant	HRM	CRM	Total Cost
Land & Site Development	185	-	-	185
Building & Civil Works	155	474	114	743
Plant & Machinery	622	4,288	863	5,773
Contingencies	33	177	42	252
Hard Cost	995	4,939	1,019	6,953
Preoperative Expenses	28	113	25	166
Interest During Construction	70	522	37	629
Margin Money for Working Capital	37	152	-	189
Total	1,130	5,726	1,081	7,937

8.2. Means of Finance

The Project cost estimated at Rs. 7,937 Crore is proposed to be financed in the debt equity ratio of 2:1. The proposed means of finance has been given in the table below:

(Rs. Crore)	
Particulars	Amount
Equity	
Promoters	310
Private Equity Investors	1,820
Internal accruals	516
Sub Total (A)	2,646
Debt	
Rupee Term Loan (B)	5,291
Total (A+B)	7,937

8.2.1. Equity

8.2.1.1. Equity – Fresh Infusion by Promoters

The promoters would infuse Rs. 310 Crore to partly fund the equity requirement for the Project. The same would be raised, partly by way of sale of land and/or development of land in joint venture with prospective parties and the balance by way of dilution of their stake in Surana Industries Limited and/or Surana Corporation Ltd.

8.2.1.2. Equity – Private Equity Investors

The equity requirement would be met partly by tie up of USD 400 million with foreign equity investors. Your Company has engaged Sycamore Management Company LLC (Sycamore), New York and Power India (Singapore) Pte. Ltd. (Power India) to raise USD 300 million and USD 100 million, respectively. Sycamore is an existing investor in the Company and has entirely subscribed to Foreign Currency Convertible Bonds amounting to USD 25 million.

8.2.1.3. Equity – Internal Accruals

Your Company would be utilizing internal accruals to the extent of Rs. 516 Crore for the Project. The projected cash flow of SIL indicates a cumulative generation of Rs. 1,162 Crore of internal accruals net of all the repayment obligations over 2012-15. Therefore, the demand for internal accruals for Project as a percentage of net generation is only around 44 per cent and the Company is confident of meeting the requirement.

8.2.2. Debt

Your Company proposes to raise Rupee Term Loan from domestic banks/financial institutions to part finance the Project to the extent of Rs. 5,291 Crore. Within such facility, the Company proposes a onetime Letter of Credit facility of Rs. 4,233 Crore (80 per cent of RTL) as a sub-limit to the Rupee Term Loan for placing orders for the major items of Plant and Machinery.

As indicated earlier, your Company has retained SBI CAPITAL MARKETS LIMITED (SBI Caps) to appraise the Project and prepare a Project Report for syndication of the loans. SBI Caps has prepared the Information Memorandum, which has been circulated to a number of banks, including State Bank of India. We are confident of achieving financial closure for the Project very soon.

Your Company is planning for 1st June, 2011 to be the zero date and thereafter implement the Project within the scheduled time. Your Company has geared up its activities so that the expansion programme is smoothly implemented.

Directors' Report (CONTD.)

9. MANAGEMENT DISCUSSION AND INDUSTRY ANALYSIS

Prior to 2001, your Company was mainly manufacturing mild steel products, viz., Cold Twisted Deformed bars meant for construction activities.

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 commissioned 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. Further, Company is going in for a major Expansion Programme, as detailed in section 8 above.

9.1. Opportunities

The steel production capacity in the country has increased substantially and production may touch around 200 MT by the year 2020. The country has the necessary iron ore reserves to achieve this level of steel production.

As highlighted earlier, due to India's expected acceleration in GDP growth rate in the medium and long-term, the demand for steel is bound to go up significantly. This will benefit all steel producers including your Company.

9.2. Threat Perception

Your Company, under the guidance of its Directors is steering to cater to value added steel segments. Marketing of Alloy Steel and Special Steels needs concerted efforts and experience. In the Raichur steel plant, the Company would manufacture Special Alloy Steels, which are mostly meant for automobile manufacturers who 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 in wake of higher competition.

Similarly, in the case of TMT Bars, there is expected to be competition from 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. One other threat perception is linkage of iron ore and coal.

Further, with regard to financial implications, there can be threat perceptions in the way of 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 that offer competitive margins. The Company procures materials mainly from Rashtriya Ispat Nigam and Steel Authority of India and after cold rolling, sells the same in the market.

9.3. Risk Perception

The Company is exposed to normal industry risk factors of competition, project delay, human resource, cost escalation and consumer attrition. Your Company manages these risks, by maintaining a conservative financial profile and by following prudent business and risk management practices.

9.4. 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 receivables
- 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.

9.5. Implementation of International Financial Reporting standards

Your Directors are pleased to state that the International Financial Reporting Standard (IFRS) was earlier made compulsory from the year ending 31st March, 2011 and the Company has been fully geared up its activities to meet these standards. However, the effective implementation date has been deferred. Nevertheless, your Company is fully ready to implement IFRS as soon as an effective implementation date is announced.

9.6. Implementation of SAP-ERP

Your Directors have great pleasure in stating 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 feedback 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.

9.7. 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.

9.8. Aspirations of the Shareholders

The Board is fully aware of and whole-heartedly acknowledges 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.

9.9. 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 Clauses 49 of the Listed Agreement with the Stock Exchanges is attached. A separate report on the Corporate Governance is also annexed as part of the Annual Report.

9.10. 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

Directors' Report (CONTD.)

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.

9.11. Registration with the NSE

The Directors are pleased to state that the Company shares are now being traded in the National Stock Exchange besides the Mumbai and Chennai Stock Exchanges.

10. THIS IS DUMMY

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11. AUDITORS

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

12. 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

Shri G. R. Surana, Chairman of the Company and Shri Dineshchand Surana, Managing Director of the Company are eligible to retire by Rotation and offer themselves for reappointment.

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 Company has adopted accounting policies that 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 2010--2011 and profits of the Company for the year which ended on 31st March, 2011. 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, 2011 on a going concern basis.

16. ACKNOWLEDGEMENTS

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. The Company would also like to thank all the Bankers/Institutions who have sanctioned the facilities for our 1.4 million ton expansion programme.

We are also grateful to SBI CAPITAL MARKETS LIMITED for appraising our 1.4 million ton expansion project and also for syndication of the necessary term loans for the same. But for their active support of all these Institutions and Banks, it would not be possible to maintain the Company's growth momentum.

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. Their active and loyal involvement in the Company's Working has enabled your Company to achieve these heights.

On Behalf of the Board,

Place :

G. R. SURANA

Date : APRIL, 2011.

(Chairman)

Report on Corporate Governance

ANNEXURE TO DIRECTORS' REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company has set itself the objective of becoming one of the most efficient and integrated steel producers in the country. The basic philosophy of corporate governance in your company has been to achieve business excellence, and to enhance shareholder value keeping in view the needs and interest of all its stakeholders. Surana Industries Limited believes that its commitment to the principles of good governance is essential to maintain and enhancing goodwill among business partners, customers, employees and investors and to earn respect from local communities and society at large. The Company's adherence to these principles is reflected in the values of transparency, professionalism and accountability that it practices. The Company constantly strives towards betterment of these aspects in order to enhance long-term shareholder value. Your Company confirms the compliance with Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which are given below:

2. BOARD OF DIRECTORS:

a) Appointment and Tenure

The Directors of the Company are appointed by Shareholders at General Meetings. All the Directors, except the Nominee Director, are subject to retirement by rotation and at every Annual General Meeting, one third of such retiring Directors, if eligible, generally offer themselves for re-election, in accordance with the provisions of Section 256 and 257 of the Companies Act, 1956 and the Articles of Association of the Company.

b) Composition and Category of the Board:

The Board of Directors provides oversight of the Company's affairs through formulation of strategies, policies and procedures and periodic review of business performance. The Board is comprised of 10 (ten) members as on 31st March 2011, out of which six are Non-Executive Directors, and the remaining four are Executive Directors.

The four Executive Directors are the Chairman, the Managing Director and two Wholetime Directors. The Executive Directors are persons of eminence and bring a wide range of expertise and experience to the Board, thereby ensuring the best interest of stakeholders and the Company.

At the ensuing Annual General Meeting, Shri. V. Aranganathan, currently an Independent Director, is being proposed for appointment as Wholetime Director, effective from 01.04.2011. If this is approved by the shareholders, the Board will consist of Five Executive and five Non-Executive Independent Directors.



Details of the Board members are given below:

Name	Age Qualification	Designation/ Induction in Board/Nature of Directorship	Brief Profile
Mr. G. R. Surana	59 years Secondary Certificate	Chairman; April 1, 2004 (Promoter Director)	Mr. G.R. Surana belongs to a business family hailing from Rajasthan. He has 35 years of experience in jewellery business and Over 25 years experience in steel business. He has been instrumental in the steady growth of the Company.
Mr. Dineshchand Surana	46 years B. Pharm.	Managing Director; August 5, 2000 (Promoter Director)	Mr. Dineshchand Surana manages the entire operations of the Company. He started his career in industry and has over 25 years of experience. He has travelled across countries such as Taiwan, Russia and Romania and gained the expertise in steel making processes.
Mr. V. M. Swami	70 years M.Com., LLB, CAIIB	Director; August 5, 2000 (Wholtime Director)	Mr. V.M. Swami is the Director - Finance of SIL. Having worked with Allahabad Bank for 42 years, he retired as the General Manager of the bank. He held temporary charge of the bank as Chairman and Managing Director for four months. During his career with Allahabad Bank, he underwent extensive training in Germany and USA in the field of international banking.
Mr. Krishna Udupa	58 years M.Sc., CAIIB	Director; October 29, 2002 (Executive Director)	Mr. Krishna Udupa looks after the Project implementation of on-going and expansion projects. He has been with Surana Group since 1997. Prior to joining SIL he was working in Punjab National Bank, as Regional Manager. He has over 34 years experience out of which 25 years have been in the banking industry.
Dr. S. K. Gupta	72 years B.Sc. (Met Engg.), Ph. D., D.Sc.	Independent Director; Jan 27, 2007	Dr. S.K. Gupta is the Chairman of BMM Ispat Ltd. And has earlier been Vice Chairman of Jindal Vijayanagar Steel. He has also held the Position of Managing Director of Rourkela Steel Plant and Chairman of Mecon India Ltd in The past. He is an advisor to the Government of India and Ministry of Steel. He has experience of around 50 years in steel industry.

Report on Corporate Governance (CONTD.)

Name	Age Qualification	Designation/ Induction in Board/Nature of Directorship	Brief Profile
Mr. V. Aranganathan	43 years B.Com., FCA	Director; May 2, 2008	Mr. V.Aranaganthan was previously a partner in accounting firm D. P. Sen & Co. He has been associated with this group for the last 15 years. He has 20 years of experience in Auditing, Taxation, Finance and Banking.
Mr. K.N. Prithviraj	64 years M.A., CAIIB	Independent Director; May 2, 2008	Mr. K.N.Prithviraj served Oriental Bank of Commerce as Chairman and Managing Director. He has also served in the capacity of Executive Director for United Bank of India. He has a cumulative experience of 41 years in the banking industry.
Mr. Biju George	43 years B. Tech, MBA	Nominee Director IDBI; July 26, 2008	Mr. Biju George is currently working in the capacity of DGM at IDBI Bank. He has an extensive experience in Project implementation, maintenance and planning. He has previously Worked with Excel Glass Ltd., Chennai Refinery and Binani Zinc Ltd. He has been with IDBI Bank since 2001. He has a total experience of 22 years.
Mr. B. S. Patil	66 years B.A. I.A.S (Retd.)	Independent Director; Oct. 30, 2009	Mr. B.S.Patil has served as the chief secretary to Govt. of Karnataka. He has also headed KSFC & KSSIDC for a period of 7 years. He held the position of the principal secretary to Govt. in Department of Commerce and Industries on three occasions spanning across 8 years. His career has helped him establish contacts with eminent people and institutions across the country, that hold him in very high regard. He has an experience of over 40 years in administrative services.
Dr. B. Samal	68 years M. Sc., Ph.D.	Independent Director; May 15, 2006	Dr.B.Samal was the Chairman and Managing Director of Allahabad Bank and Industrial Investment Bank of India. He has also been a Member of the Appellate Tribunal of SEBI. With his rich experience in Banking and SEBI he has contributed significantly towards the business growth of the Company. He has an experience of over 41 years in the banking sector.

As at 31.03.2010, the number of non-executive Directors is more than 50% of the total number of Directors. The Independent Directors on the Board are experienced, competent and highly respected persons from their respective fields. They take active part in the Board and Committee meetings. None of the Directors is a member on more than 10 Committees. The Company is in compliance with the Clause 49 of the listing Agreement pertaining to composition of directors. Necessary disclosures have been made by the Directors in this regard.

c) Board meetings, Committee Meetings and Procedures

The Board of Directors oversees the entire functioning and operations of the Company. They set parameters and evaluate performance of the Company, and provide direction and guidance in accordance with its Corporate Goals and Statutory Requirements. The Board also monitors the effectiveness of corporate policies and procedures in order to ensure that the long-term interests of shareholders are being served. In this regard, the Managing Director is assisted by the Wholetime Directors, Executive Directors and other senior management staff to ensure proper functioning of the Company in terms of set guidelines.

The Board has constituted other Committees, viz. Audit Committee, Shareholders/Investors Grievances Committee, Remuneration Committee, Share Allotment Committee, Project Monitoring Committee [we should list all committees or new committees, as per legal requirement] The Board constitutes additional functional committees from time to time depending upon the organizational requirements. A minimum of four Board meetings are held every year. At times, more meetings are convened depending upon the requirements. Dates for the Board meetings are decided well in advance. In fact, the Board Meetings for the whole year are decided in the first Board meeting of the financial year itself.

The Board meetings are usually held at the Corporate Head Office at Chennai. At times, the meetings may also be held at the factory locations, viz. at Gummidipoondi or at Raichur.

The Board/Committee meetings are conducted in accordance with well-defined procedures. The information placed before the Board includes:

- Annual Operating Plans,
- Capital Budgets and updates on the same,
- Compliance with statutory / regulatory requirements and review of major legal issues
- Quarterly / half-yearly / annual financial results of the company,
- Operational and Accounting Policies
- Monitoring of Management and Operating Performance
- Notings of the proceedings of the Meeting of Audit Committee and other Committees of the Board, as well as other items as mentioned under Clause 49 of the Listing Agreement.

Distribution of Board Agenda Papers

Board Notes are circulated well advance in the devised agenda format. All material information is incorporated in the agenda notes so that there can be meaningful discussions in the Board meetings.

Minutes of the Board Meetings

All Board meeting minutes are recorded immediately after each meeting is over and these are sent to the Directors in draft form for their approval. Any changes suggested by the Directors in the draft are incorporated and final minutes are thereafter prepared and circulated.

Follow up of decisions taken at the Board Meetings

The Company has an effective system of follow-up of the decisions taken at the Board meetings. An Action Taken Report is prepared and circulated to the Board at the following meeting. Departmental notes are prepared based on the observations made by the Board and these are sent to respective functional heads for follow up.

Compliance with the Statutory Requirements

At the time of preparation of agenda notes, it is ensured that all the statutory requirements are complied with under the Companies Act, 1956, SEBI Regulations and guidelines from other statutory bodies.

Report on Corporate Governance (CONTD.)

d) Attendance of each Director at the Board of Directors' meetings held during 2010 -2011 and at the last Annual General meeting:

During the year 2010-2011, the Board met 6 (six) times; on 15.05.2010, 10.06.2010, 06.08.2010, 10.11.2010, 12.02.2011 and 09.03.2011. The Annual General Meeting for the financial year ended 31.03.2010 was held on 10th June, 2010.

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 as well as memberships/chairmanships held by them across the committees of all the companies for the year 2010 - 2011 are furnished in the table given below:

Name	Category	Attendance particulars		Number of Directorships and committee memberships / chairmanships.		
		Board meeting	Last AGM	Other directorships/ Committee Chairmanships	Committee memberships	Committee Chairmanships
Shri. G.R. Surana	Promoter - Executive	3	Yes	3	Nil	Nil
Shri Dineshchand Surana	Promoter - Executive	6	Yes	5	1	Nil
Shri V.M. Swami	Executive	6	Yes	2	2	Nil
Shri Krishna Udupa	Executive	6	Yes	Nil	2	1
Dr. B. Samal	Independent Non-Executive	5	Yes	12	3	3
Dr. S.K. Gupta	Independent Non-Executive	4	No	6	10	3
Shri K.N. Prithivraj	Independent Non-Executive	6	Yes	2	2	Nil
Shri K.Biju George	Nominee Director	5	No	Nil	Nil	Nil
Shri V. Aranganathan	Independent Non-Executive Director	6	Yes	Nil	Nil	Nil
Shri B.S. Patil	Independent Non-Executive Director	5	Yes	Nil	Nil	Nil

In accordance with clause 49 of the Listing Agreement, memberships/chairmanships of only Audit Committees and Shareholder/Investor Grievance Committees of all Public Limited Companies is included.

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

1] Name: Dr. S.K.Gupta

Age : 72 years

Qualification: Metallurgist

Present Position : Director

Experience: Dr. S. K. Gupta, aged 72 years was appointed as the Non-Executive Director of the Company in January 2007. He was previously Professor and Head of Metallurgical Engineering at the Indian Institute of Technology, Bombay. In 1980, he was the recipient of the Metallurgist of the Year Award, and in 1998, he received the National Metallurgist Award. He has published over 75 research papers in India and abroad on technology and management. He holds three patents and is the editor of a publication on blast furnace iron making. He was the Managing Director of Rourkela Steel Plant. Besides, he was also the Chairman of MECON India, a Govt. of India Undertaking. He is an advisor to the Govt. of India, Ministry of Steel.

2] Name : Dr. B.Samal

Age :68 years

Qualification : M.Sc.,Ph.D

Present Position : Director

Experience : Dr.B.Samal, aged 68 years, is a Non-Executive Independent Director. He was the recipient of the Seva Ratna award from His Excellency the Governor of West Bengal in the 2002 for his contribution to public service. He started his career as a banker in 1969, and held various positions such as executive, Assistant General Manager, Deputy General Manager, General Manager, in Union Bank before he joined Allahabad Bank as Executive Director. Thereafter, he became

Chairman of Allahabad Bank in April, 2000. He specialised in the areas of banking such as rural credit, human resource development and security related activities. His special assignments included being a member of the study group set up by the Indian Bank's Association, on working capital finance including assessment of maximum bank finance, and Chairman of the study group set up by the Indian Bank's Association. Besides, he was also a member of the Securities Appellate Tribunal, Mumbai.

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 Sec 292A 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 the correctness, credibility and adequacy of the financial statements.
- 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.
- It undertakes periodic review of Company's operations, particularly, in the following areas:
 - Financial performance of the Company
 - Payment of dues to Financial 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 fulfill the objectives aforementioned.

The Audit Committee was re-constituted on 27.01.2007 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. K.N.Prithviraj	- Member	Independent Director
Shri. Krishna Udupa	- Member	Executive Director

The Audit Committee met 4 (four) times during the year under review, i.e. on 14.05.2010, 06.08.2010, 09.11.2010 and 11.02.2011. All the members of the Committee attended all the meetings.

4. SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE:

The Company has a Share Transfer Committee and Investor Grievance Committee to specifically look into matters relating to Share Transfers, Redressal Of Shareholders and Investors Complaints.

The Shareholders'/Investors' Grievance Committee deals with various matters relating to:

- transfer / transmission of shares / debentures,
- issue of duplicate share certificate,
- review of shares dematerialised and all other related matters,
- monitors expeditious redressal of investors' grievances,
- all other matters related to shares/ debentures.

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

Report on Corporate Governance (CONTD.)

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

During the year ended 31st March, 2011, the Share Transfer Committee and Investor Grievance Committee met 7 (seven) times and approved share transfers (both physical and demat) and splitting /transmission of shares.

The Investor Grievance Committee resolved all the complaints as on 31st March, 2011; there are no investor complaints currently pending. All requests for dematerialization of shares were carried out within the stipulated time and no case was pending as on 31st March 2011.

5. REMUNERATION COMMITTEE:

The Company has a Committee of Directors (Remuneration), to consider and fix the remuneration payable to the Executive Chairman, Managing Director and the Whole time Directors. The Remuneration Committee was re-constituted on 06.08.2010 with two Non-Executive Directors and one Executive Director. The Company Secretary acts as the Secretary of the Committee. Accordingly, the present Remuneration Committee consists of three Directors, viz., Dr. S.K.Gupta, Shri. K. N.Prithviraj and Shri. Dineshchand Surana. Two meetings were held during the year on 06.08.2010 and 10.11.2010.

Executive Directors:

Name	Salary	Perquisites and Allowances
Shri. G.R.Surana, Executive Chairman	36	Company's contribution to PF, Gratuity, Medical, leave encashment, LTC, telephone charges, Car with driver.
Shri.Dineshchand Surana, Managing Director	36	
Shri.V.M.Swami, Wholetime Director	30	
Shri. Krishna Udupa, Wholetime Director	21	

Non-Executive Directors:

The company pays sitting fees of Rs.10,000/- to the Non-Executive Directors for each of the Board meetings. The sitting fees payable to the Nominee Director is paid to the Nominating Institution, IDBI Bank Limited, as directed by them.

6. GENERAL BODY MEETINGS:

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

Year	Location	Day / Date	Time
2007 – 2008	GRT Grand, No 120, Thiyagaraya Road, T.Nagar, Chennai – 600017.	Saturday, 31.05.2008	11.30 A.M
2008 - 2009	GRT Grand, No 120, Thiyagaraya Road, T.Nagar, Chennai – 600017.	Saturday, 04.07.2009	12 Noon
2009-2010	GRT Grand, No 120, Thiyagaraya Road, T.Nagar, Chennai – 600017.	Thursday, 10.06.2010	12 Noon

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

Year	Location	Day / Date	Time
2007 – 2008	GRT Grand, No 120, Thiyagaraya Road, T.Nagar, Chennai – 600017.	11.02.2008	10.00A.M

c. Postal ballot:

- During the financial year 2009-2010, various special resolutions were put through postal ballot in terms of Sec 192A of the Companies Act, 1956 and Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The resolutions related to :
 - Amendment of the Articles of Association to enable the Company to issue Preference Shares.
 - Amendment of Common Seal Clause in the Articles of Association of the Company.
 - Re-appointment of Shri. V.M. Swami as the Wholetime Director with effect from 06.08.2010 and increase in the monthly remuneration.
 - Proposal to transfer 160.725 acres of land to M/s. Surana Green Power Limited.

The postal ballot notice was sent to each shareholder as on the cutoff date decided. The Board appointed Mr. S. Ganesh of M/s. S. Ganesh & Associates, Practicing Company Secretaries, as scrutinizer to conduct the postal ballot in respect of the said resolution. Based on the report submitted by the Scrutiniser, the results of the postal ballot were declared on 30th December, 2010 and the special resolution was passed by a majority of 99.99% of the total valid votes polled.

No. of valid postal ballot forms received	54
No of invalid postal ballot forms received	8

Item No	Votes cast in favour	Votes cast against
Item No 2	19246729	20
Item No 2A	19246719	20
Item No 2B	19246729	20
Item No 4	19246728	20
Item No 7	19246737	20

2. No special resolution is proposed to be passed through postal ballot in the current year.

Special resolutions passed during the last three Annual General Meetings:

1. At the Annual General Meeting held on 31st May, 2008, Special Resolutions were passed for the following :
 - a) Appointment of Shri. Rajesh Surana as Executive Director of the Company.
 - b) Appointment of Shri. Mahaveer Surana, as President – Finance of the Company.
 - c) Appointment of Shri. Deepak Surana, as Senior Vice – President, Marketing, of the Company.
2. At the Annual General Meeting held on 4th July 2009, no special resolutions were passed.
3. At the last Annual General Meeting held on 10th June 2010, no special resolutions were passed.

Special Resolutions passed during the Extra ordinary General Meetings:

At the Extra Ordinary General Meeting held on 11th February, 2008, Special Resolutions were passed for the following:

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

No extra ordinary general meetings were held during the years 2008-2009 and 2009- 2010.

7. DISCLOSURES:

- a) No transaction of material nature has been entered into by the Company with related parties i.e. Directors or Management, 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

The quarterly, half-yearly and annual Results of the Company are communicated to the Stock Exchanges immediately after they are approved by the Board.

The unaudited quarterly financial results of the company were published in the English newspapers viz. Economic Times, Dalal Street Journal and Trinity Mirror and the Tamil version in a Tamil daily viz. Makkalkural. These are not sent individually to the shareholders.

The quarterly financial results during the financial year 2010-2011 were published as per details given below:

Quarter 2010-2011	Date of Board meeting	Date of Publication	Name of the News Papers
1st quarter	06.08.2010	08.08.2010	Trinity Mirror and Makkalkural
2nd quarter	10.11.2010	12.11.2010	Trinity Mirror and Makkalkural
3rd quarter	12.02.2011	14.02.2011	Trinity Mirror and Makkalkural

Annual Report

Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors Report, Auditors Report and other important information are circulated to the Members and others who are entitled to receive such information. The Annual Report is also available on the Company's Website.

- a. The company's website address is www.suranaind.com
- b. 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.
- d. As required under Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is annexed to the annual report.

Report on Corporate Governance (CONTD.)

9. GENERAL SHAREHOLDERS' INFORMATION:

9.1 Annual General Meeting

Date and Time :

Venue :

9.2 Financial Calendar Year

Financial Reporting for the Quarter ending	Financial Calendar
30th June 2010	06.08.2010
30th September 2010	10.11.2010
31st December 2010	12.02.2011
31st March 2011	03.05.2011

9.3 Period of Book Closure:

The Register of Members will be closed from 01st June 2011 to 7th June 2011 (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 Limited (BSE) P J Towers, Dalal Street, Mumbai – 400 001.	SURANAIN
b. National Stock Exchange of India Limited (NSE) (w.e.f 28.12.2006) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400051.	SURANAIND
c. Madras Stock Exchange Limited (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 2011-12 have been duly paid to all the above stock exchanges.

9.6 Stock Market Data:

Month	Bombay Stock Exchange Limited (BSE) (Rs.)			National Stock Exchange of India Limited (NSE) (Rs.)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
April, 2010	269.75	257.80	33140	286.90	267.05	48687
May, 2010	269.85	260.00	41391	269.30	265.90	76852
June, 2010	301.70	238.00	310079	302.00	297.50	158001
July, 2010	320.00	292.00	1052481	312.00	298.90	68343
August, 2010	310.05	266.00	14336	304.90	300.65	16865
September, 2010	324.90	291.10	32263	307.35	297.55	55327
October, 2010	326.00	295.15	13194	348.90	305.25	96150
November, 2010	323.55	300.10	256437	313.00	304.90	34102
December, 2010	330.00	235.00	259475	313.00	305.00	13698
January, 2011	320.00	240.00	16329	320.00	288.35	25900
February, 2011	302.50	215.50	18891	297.95	260.00	31388
March, 2011	288.00	252.00	46291	310.00	280.00	77356

9.7 Share price performance in comparison to broad based indices – BSE Sensex

Period	Percentage change in company's share price (%)	Sensex (%)
2007-08	+19.74	+25.60
2008-09	+17.45	-44
2009-10	+62.29	+16.40

9.8 Share Transfer System:

With effect from 31st 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 31st March, 2011

Shareholding (Range)	Number of Shareholders	%	Total Shares	%
Upto 500	1324	62.29	139979	0.51
501 - 1000	83	19.69	67418	0.24
1001 - 2000	61	3.77	92933	0.34
2001 - 3000	43	2.66	109406	0.40
3001 - 4000	16	0.99	57152	0.21
4001 - 5000	16	0.99	75528	0.27
5001 - 10000	20	1.23	140264	0.52
10001 & above	52	3.22	26467320	97.48
Total	1615	100	27150000	100

9.10 Shareholding pattern as on 31.03.2011

Category	No. of Shareholders	No. of Shares held	% to total
Promoters, Directors and their relatives	18	20307502	74.79
Non-Resident Indians.	30	1873237	6.90
Hindu Undivided family	48	66972	0.25
Insurance Companies	0	0	0
Foreign Institutional Investors.	3	1405074	5.17
Bodies Corporate	93	1732262	6.38
Foreign Corporate Bodies	1	700000	2.58
Individuals	1415	885634	3.26
Mutual Fund	0	0	0
Clearing Members	7	179319	0.66
Total	1615	27150000	100

9.11 Dematerialisation of shares as on 31st March, 2011

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	251155	0.93
NSDL	24887284	91.67
CDSL	2011561	7.40
Total	27150000	100

Report on Corporate Governance (CONTD.)

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-60120.
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. F 18, SIPCOT Industrial Complex, Gummidipoondi.

9.14. Address for Correspondence:

Registered cum Corporate office:

M/S.SURANA INDUSTRIES LIMITED
No.29, Whites Road, 2nd 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.suranaind.com

10.3 Audit qualifications:

Covered in audit report

10.4 Whistle blower policy:

The company has not received any complaint under Whistle Blower policy.

11. 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.)
2003-2004	25.05.2004	23.06.2004	22.06.2011	24.06.2011	1,72,750
2004-2005	04.07.2005	02.08.2005	01.08.2012	03.08.2012	28,706.95
2005-2006	15.05.2006	13.06.2006	12.06.2013	13.06.2013	1,48,372.67
2006-2007	30.06.2007	30.07.2007	29.07.2014	30.07.2014	11,761
2007-2008	31.05.2008	30.06.2008	30.06.2015	30.06.2015	NIL
2008-2009	04.07.2009	02.08.2009	02.08.2016	02.08.2016	1,47,598.50
2009-2010	10.06.2010	17.07.2010	16.07.2017	17.07.2017	2,98,441.74

12. FOREIGN CURRENCY CONVERTIBLE BONDS

As reported to the Shareholders earlier, the Company issued Foreign Currency Convertible Bonds to the extent of US \$ 25 Million in June and December 2007. These Bonds are convertible into equity shares at the rate of Rs.140/- per share. These are convertible on or before 20th June, 2012. The Bonds till that time carry an interest rate of 2% per annum. These funds were subscribed by overseas investors. These funds were utilized by the Company for our expansion programme in Raichur.

13. DECLARATION ON COMPLIANCE OF COMPANY CODE OF CONDUCT

To the Members of Surana Industries Limited,

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 31,2011.

For and On Behalf of the Board

Dineshchand Surana
Managing Director

Place : Chennai
Date : 03.05.2011

CEO/CFO Certificate

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

We hereby certify that

- a) We have reviewed the profit and loss statement ,cash flow statement of Surana Industries imited('The Company') for the year ended March 31,2011 and the Balance sheet of the Company as at March 31,2011 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 andthe Audit Committee
 - i) all significant changes which took place during the year ininternal controls over financial reporting.
 - ii) all significant changes in accounting policies which tookplace 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.

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 31.3.2011. 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

Financial Section

Auditors' Report	→	00
Annexure to the Auditors' Report	→	00
Balance Sheet	→	00
Profit & Loss Account	→	00
Schedules	→	00
Balance Sheet Abstract	→	00

Auditors' Report

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, 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 & COMPANY**

Chartered Accountants,

A. S. RAMANATHAN

Partner

Membership No.: 11072

Firm No : 004137S

Place: Chennai

Date: 03.05.2011

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

Chartered Accountants

C.S.PRITHIVIRAJ JAIN

Proprietor

Membership No. 11529

Firm No. 001227S

Annexure to the Auditors' Report

M/s SURANA INDUSTRIES LTD

[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 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 Windmill Division for Rs.70,11,00,000 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, 2011 for a period of more than six months from the date they became payable.

- (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 access which have not been deposited as on 31st March, 2011 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
Excise Department			
Compounded levy demanded by the Dept., from Sept.97 to Mar'00 under Rule 5 of Hot Rerolling Steel Miss annual capacity Determination (amendment rule 1997)	1997-2000	Hon'ble High Court, 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, Commissionarte II, Chennai	Rs.88,32,710 (Paid Rs.88,32,710 in the year 2007-2008)
Supply to SEZ Developers	2010	Commissioner of Central Excise, Commissionarte II, Chennai	Rs.5,03,59,737/-
Detention of Material	2010	Commissioner of Central Excise, Commissionarte I, Chennai	Rs.1,50,00,000/-
Reversal of Cenvat Credit	2011	CESTAT Bangalore	Rs.11,76,32,904/-
Customers Department			
Penalty levied by DRI Intelligence	2000-2003	Hon'ble High Court, Chennai	Rs.1,00,00,000/-
Misclassification of material	2005-2006	Hon'ble High Court, Chennai	Rs.1,38,29,000/-
Income Tax Department			
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)

- (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) No preferential allotment of shares was made during the current year.
- (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 & COMPANY**

Chartered Accountants,

A. S. RAMANATHAN

Partner

Membership No.: 11072

Firm No : 004137S

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

Chartered Accountants,

C.S.PRITHIVIRAJ JAIN

Proprietor

Membership No. 11529

Firm No. 001227S

Place: Chennai

Date: 03.05.2011

Balance Sheet as at 31st March, 2011

(Amount in Rs.)

PARTICULARS		SCH. NUMBER	31-Mar-11	31-Mar-10
I. SOURCES OF FUNDS				
1.	SHARE HOLDERS FUNDS			
a)	Share Capital	(A)	271,500,000	271,500,000
	Share Application Money (Refer Note 2d)		-	381,382,052
b)	Reserves & Surplus	(B)	5,196,702,358	4,602,028,745
			5,468,202,358	5,254,910,797
2.	LOANS FUNDS			
a)	Secured Loan	(C)	6,554,400,098	5,971,250,281
b)	Unsecured Loan	(D)	3,294,064,415	1,181,203,522
			9,848,464,513	7,152,453,803
3.	DEFERRED TAX LIABILITY		500,000,694	455,655,950
TOTAL SOURCES OF FUNDS			15,816,667,565	12,863,020,550
II. APPLICATION OF FUNDS				
1.	FIXED ASSETS	(E)		
a)	Gross Block		6,906,291,885	6,524,095,822
b)	Less: Depreciation		770,283,508	702,610,111
c)	Net Block		6,136,008,377	5,821,485,711
d)	Capital Work in Progress		816,503,715	
			6,952,512,092	5,821,485,711
2.	INVESTMENTS	(F)	4,848,735,296	1,431,066,300
	Advance for Investments		23,544,470	748,100,000
3.	CURRENT ASSETS, LOANS AND ADVANCES :	(G)		
a)	Inventories		2,107,578,509	1,806,476,078
b)	Sundry Debtors		2,751,861,748	2,428,511,830
c)	Cash and Bank Balances		194,759,490	264,708,255
d)	Loans and Advances		524,396,843	1,638,062,438
			5,578,596,590	6,137,758,601
	LESS : CURRENT LIABILITIES AND PROVISIONS :	(H)		
a)	Liabilities		1,442,178,274	1,147,969,146
b)	Provisions		144,542,608	127,420,916
			1,586,720,882	1,275,390,062
	NET CURRENT ASSETS		3,991,875,707	4,862,368,539
4.	MISCELLANEOUS EXPENDITURE	(I)	-	-
a)	Miscellaneous Expenditure (to the extent not written off)		-	-
	Total Application of Funds		15,816,667,565	12,863,020,550
	Notes forming integral part of Accounts	(Q)		
	Current ratio		1.37	2.15

As per our report of even date attached

For C.S.P. Jain & Co.,
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For R. Subramanian & Company
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Profit & Loss Accounts for the year ended 31st March, 2011

[Amount in Rs.]

PARTICULARS		SCH. NUMBER	31-Mar-11	31-Mar-10
I. INCOME				
a)	Sales Net	(J)	12,230,267,995	9,450,180,294
b)	Other Income	(K)	18,066,244	333,233,467
c)	Accretion/Decretion in Inventories	(P)	21,028,281	254,719,878
	Total Income		12,269,362,520	10,038,133,640
II. EXPENDITURE				
a)	Material and Manufacturing Expenses	(L)	10,404,718,083	9,189,110,998
b)	Selling and Distribution Expenses	(M)	51,970,716	44,804,861
c)	Salaries and Administrative Expenses	(N)	226,719,764	149,894,684
d)	Financial Expenses	(O)	822,049,013	575,148,186
f)	Depreciation	(E)	256,668,336	220,376,561
g)	Preliminary/Public Issue Expenses Written off	(H)	-	9,738,942
	Total Expenses		11,762,125,911	10,189,074,232
III. PROFIT BEFORE TAX			507,236,609	(150,940,592)
	Add Exceptional Items (Refer note 2f)		37,316,185	555,280,416
	Profit after Exceptional Transactions		544,552,793	404,339,824
	Provision for Taxes		-	-
IV. CURRENT TAX			114,072,728	76507957
V. MAT CREDIT ENTITLEMENT			(179,324,000)	
VI. DEFFERED TAX			44,344,740	(19,298,983)
* MAT Credit entitlement includes the receivable for the year 2008-09 and 2009-10 is to the extent of Rs. 1,98,16,248 and Rs. 6,06,50,794 respectively				
VII. PROFIT AFTER TAX			565,459,326	347,130,850
VIII. BALANCE BROUGHT FORWARD FROM LAST YEAR			1,326,474,588	1,061,703,038
IX. AMOUNT AVAILABLE FOR APPROPRIATION			1,891,933,914	1,408,833,888
APPROPRIATION				
X.	PROPOSED DIVIDEND		48,870,000	40,725,000
XI.	CORPORATE DIVIDEND TAX		7,927,936	6,921,214
XII.	GENERAL RESERVE		56,545,933	34,713,085
XIII.	BALANCE CARRIED TO BALANCE SHEET		1,778,590,046	1,326,474,589
Basic EPS (Rs.)			20.83	16.73
Diluted EPS (Rs.)			17.17	12.40
Notes forming integral part of Accounts		(Q)		

As per our report of even date attached

For C.S.P. Jain & Co.,
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For R. Subramanian & Company
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Schedules Forming Part of Balance Sheet and Profit And Loss Account

(Amount in Rs.)

PARTICULARS		31-Mar-11	31-Mar-10
A	SCHEDULE		
	SHARE CAPITAL		
	AUTHORISED CAPITAL		
	7,00,00,000 Equity Shares of Rs.10 each (70000000 equity shares of Rs.10 each)	700,000,000	700,000,000
	ISSUED SUBSCRIBED AND PAID UP	-	-
	27150000 Equity Shares of Rs.10 each (27150000 Equity Shares of Rs. 10 each)	271,500,000	271,500,000
		271,500,000	271,500,000
B	SCHEDULE		
	RESERVES AND SURPLUS		
a)	Capital Subsidy	1,500,000	1,500,000
b)	Share Premium		
	Opening Balance	3,006,378,654	976,378,654
	Add : Additions for this year	-	2,030,000,000
	Closing Balance	3,006,378,654	3,006,378,654
c)	Revaluation reserve		
	Opening Balance	84,417,407	91,005,983
	Less: Adjustments for this year (NET)	6,588,576	6,588,576
	Closing Balance	77,828,831	84,417,407
d)	Capital reserve		
	Opening Balance	-	-
	Less Adjustments for this year (NET)	92,600,801	
	Closing Balance	92,600,801	
e)	General Reserve		
	Opening Balance	183,258,094	148,545,010
	Add : Additions for this year	56,545,933	34,713,085
	Closing Balance	239,804,027	183,258,095
f)	Profit and Loss Account Surplus	1,778,590,046	1,326,474,589
		5,196,702,358	4,602,028,745
C	SCHEDULE		
	SECURED LOAN		
	From Banks:		
	Cash Credit	2,496,991,220	2,190,623,552
	Term Loan From Banks	2,377,290,866	3,165,697,308
	Corporate Loan from IFCI	1,600,000,000	502,938,356
	Term Loan from FI	80,118,012	111,991,065
D	SCHEDULE		
	UNSECURED LOAN		
	From Others - ICD	2,050,000,000	-
	From Others - FCCB	1,244,064,415	1,181,203,522
		3,294,064,415	1181203522

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

Sl.	SCHEDULE	Gross Block		Depreciation			Net Block			
		As on 31.3.2010	Add./Dele.	As pm 31.3.2011	Upto 31.3.2010	For the Year	Deletion	Upto 31.3.2010	As on 31.3.2011	As on 31.3.2010
	FIXED ASSETS AND DEPRECIATION									
1.	Land	43,713,423	(3,444,975)	40,268,448	-	-	-	-	40,268,448	43,713,423
2.	Building	387,922,506	51,829,744	439,752,250	36,406,326	14,244,162	23,420	50,627,059	3,89,125,191	351,516,179
3.	Machinery	4,156,194,683	1,078,104,308	5,234,298,991	364,477,954	135,985,348	4,380,852	4,96,082,450	47,38,216,541	3,791,716,729
4.	Machinery	492,119,811	447,319	492,567,130	4,706,931	2,119,809	1,714,094	5,112,646	4,87,454,484	487,412,880
5.	Vehicles	12,537,839	2,547,787	15,085,626	4,246,201	1,419,145	-	5,665,345	9,420,280	8,291,638
6.	Trucks	525,985,364	6,417,087	532,402,451	93,156,945	59,372,256	-	152,529,202	379,873,250	432,828,419
7.	Computers	118,848,343	2,289,736	121,138,080	29,030,590	18,511,341	-	47,541,930	73,596,149	89,817,754
8.	Furniture	3,567,574	807,320	4,374,894	793,082	225,266	-	1,018,348	3,356,545	2,774,492
9.	Fools	2,014,414	-	2,014,414	2,005,984	8,430	-	2,014,414	-	8,430
10.	Cycle	6,827	-	6,827	4,994	175	-	5,169	1,658	1,833
11.	Windmill	781,185,038	(756,802,262)	24,382,776	167,781,104	31,370,981	189,465,139	9,689,945	14,695,831	613,403,935
		6,524,095,822	382,196,064	6,906,291,886	702,610,111	263,256,913	195,583,515	7,70,283,508	61,36,008,377	5,821,485,711

Less : Recouped from Capital Revaluation Reserve Rs. 6,588,576

Desreciation charged to Profit and Loss account Rs. 2,56,668,337

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		31-Mar-11	31-Mar-10
F	SCHEDULE		
	INVESTMENTS - LONG TERM NON TRADE		
	QUOTED INVESTMENTS		
	P.N.B.Gilts Limited (10000 shares of Rs. 10 each and market value Rs.238000 [239500])	300,000	300,000
	Punjab National Bank (300 shares of Rs. 10 each and market value Rs.367200 [304035])	9,300	9,300
	UNQUOTED SHARES		
	Trade Investments In Subsidiary Companies		
	Investment in Equity Share (SURANA POWER LIMITED) (305149200 equity shares of Rs 10each)	3,750,000,000	1,430,257,000
	Investment in Equity Share (SURANA GREEN POWER LTD) (56153600 equity shares of Rs. 10 each)	561,536,000	500,000
	Investment in Equity share (Surana Mines & Minerals Ltd) (15000001 equity shares of SGD 1)	536,790,036	
	INVERSTMENT-UDAY ENERGY PRIVAT LTD (9996 equity shares of Rs. 10 each subscribed)	99,960	
		4,848,735,296	1,431,066,300
G	SCHEDULE		
	i) Inventories		
	a) Raw Materials	865,439,533	630,686,019
	b) Finished Goods/WIP	756,653,050	735,624,770
	c) Stores and Spares	485,485,925	440,165,289
		2,107,578,509	1,806,476,078
	ii) Sundry Debtors (Unsecured Considered Good)		
	a) Debts Outstanding for a period exceeding six months	9,144,108	54,348,867
	b) Other Debts	2,742,717,640	2,374,162,963
		2,751,861,748	2,428,511,830
	iii) Cash & Bank Balances		
	a) Cash on Hand	872,013	1,137,418
	b) Cash at Bank		
	i) in Current Account	49,344,338	116,634,314
	ii) in Margin Money Account	144,543,139	146,936,523
		194,759,490	264,708,255
	iv) Loans And Advances (Unsecured and considered good)		
	a) CENVAT & VAT		
	b) Prepaid Exp. & Receivables	301,118,154	229,679,183
	c) MAT credit entitlement	3,952,295	27,149,438
	d) Advance to Suppliers & Others	179,324,000	
	e) Advance to subsidiaries	50,000	1,353,492,482
	f) Deposit with Government and Semi Government Departments.	23,091,957	1,553,750
		16,860,438	26,187,585
		524,396,843	1638062438

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		31-Mar-11	31-Mar-10
H	SCHEDULE		
	CURRENT LIABILITIES AND PROVISIONS		
a)	Current Liabilities		
i)	Creditor for Capital Goods	47,239,659	89,158,330
ii)	Creditor for Purchases		
	- Due to Small Scale Industries	-	-
	- Due to others	1,258,145,117	1,037,196,658
iii)	Payable to subsidiaries	104,576,827	-
iv)	Creditor - Others	32,216,672	21,614,158
		1,442,178,275	1,147,969,146
b)	Provisions		
i)	Provision for Current Tax	74,072,727	68,716,408
ii)	Provision for Leave Encashment	1,106,528	1,603,237
iii)	Provision for Gratuity	6,345,516	4,868,290
iv)	Proposed Dividend	48,870,000	40,725,000
v)	Provision for Bonus	6,219,901	4,586,767
vi)	Provision for Dividend Tax	7,927,936	6,921,214
		144,542,608	127,420,916
	Branch & division	0	

I	SCHEDULE		
	MISCELLANEOUS EXPENDITURE (To the extent not written off)		
a)	Pre-operative Expenses	-	5,160,179
	Less : Written off during the year	-	5,160,179
b)	Deferred Revenue Exp	-	4,578,764
	Less : Written off during the year	-	4,578,764
	Grand Total	-	

J	SCHEDULE		
	SALES		
	Gross Sales	12,105,609,429	9,558,981,135
	Less: Excise Duty	298,152,389	168,417,328
	Net Sales	11,807,457,040	9,390,563,806
	DIRECT INCOME		
	Conversion Charges	-	7,885,477
	Sale of Electricity	422,810,955	* 51,731,011
	Net Sales	12,230,267,995	9,450,180,294
	* Includes Captive consumption of Rs.17,34,14,562		

K	SCHEDULE		
	OTHER INCOME		
a)	Bank Interest Received	10,906,307	92,638,380
b)	Exchange Gain (Net)	2,933,268	73,694,562
c)	Others	4,226,669	166,900,526
		18,066,244	333,233,467

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		31-Mar-11	31-Mar-10
L	SCHEDULE		
	MATERIAL & MANUFACTURING EXPENSES		
a)	Cost of Material Consumed		
	Opening Inventory	630,686,019	557,035,089
	Add: Purchases including Carriage inward	9,561,379,975	8,807,547,159
	Less: Closing Stock	865,439,533	630,686,019
	Consumption	9,326,626,461	8,733,896,228
b)	Stores and Spares Consumed		
	Opening Inventory	440,165,289	321,513,137
	Add: Purchases	311,235,137	270,169,613
	Less: Closing Stock	485,485,925	440,165,289
	Consumption	265,914,501	151,517,460
c)	Power and Fuel	274,508,928	190,341,788
d)	Lease charges for Power Plant	367,500,000	-
e)	Repair & Maintenance	16,436,771	9,581,672
f)	Other Manufacturing Expenses	10,887,715	4,489,676
g)	Wages	134,112,415	89,408,022
h)	Clearing and Forwarding	8,731,291	9,876,151
		10,404,718,083	9,189,110,998

M	SCHEDULE		
	SELLING AND DISTRIBUTION EXPENSES		
a)	Commission Paid	4,138,640	3,805,110
b)	Handling and Weighment charges	5,319,537	2,373,439
c)	Transportation Charges	42,512,539	38,626,312
		51,970,716	44,804,861

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		31-Mar-11	31-Mar-10
N	SCHEDULE		
	ADMINISTRATIVE EXPENSES		
a)	Salary and Bonus	103,617,345	58,894,581
b)	Printing and Stationery	1,917,860	1,275,115
c)	Advertisement	2,741,549	4,694,400
d)	Electricity Charges	1,430,346	2,026,466
e)	Telephone Charges	4,189,504	3,342,421
f)	Rent, Rates, & Taxes	11,730,147	10,900,968
g)	Travelling & Conveyance Exp.	15,407,676	9,610,222
h)	Postage & Telegram	552,862	317,990
i)	Books & Periodicals	179,741	59,862
j)	Staff Welfare	1,725,179	1,017,099
k)	Professional & Consultancy Exp.	16,250,900	10,540,888
l)	Vehicle Maintenance	4,248,031	3,665,972
m)	Business Promotion Expenses	4,032,553	2,986,574
n)	Audit Fees	600,300	609,788
o)	Office Maintenance	1,728,644	766,472
p)	Donation	17,000	558,602
q)	General Expenses	7,377,144	8,454,164
r)	Insurance Charges	14,147,561	11,709,873
s)	Employers Contbn. ESI & EPF	4,500,853	3,480,051
t)	Testing Fees	2,491,094	2,647,226
u)	Bad Debts written off	7,667,964	71,970
v)	Loss on Sale of Asset	2,023,521	-
w)	Legal Charges	472,770	1,838,186
x)	Directors' Remuneration	12,830,000	8,405,000
y)	Sitting Fees & Listing Fees	284,103	211,288
z)	Meeting Expenses	1,214,142	573,008
a)	Windmill Maintenance	2,375,808	157,589
b)	Application Fee & Subscription Fee	838,990	933,665
c)	AGM Expenses	126,178	145,246
		226,719,764	149,894,684
O	SCHEDULE		
	FINANCIAL EXPENSES		
a)	Interest on Term Loans	478,131,629	290,241,719
b)	Interest on working capital	266,241,498	191,084,938
c)	Bank and Other Finance Charges	77,675,886	93,821,529
		822,049,013	575,148,186
P	SCHEDULE		
	ACCRETION/DECRETION IN INVENTORIES		
	Closing Stock		
a)	Finished Goods/WIP	756,653,050	735,624,770
		756,653,050	735,624,770
	Less: Opening Stock		
a)	Finished Goods/WIP	735,624,770	480,904,892
		735,624,770	480,904,892
	ACCRETION/DECRETION IN INVENTORIES	21,028,281	254,719,878

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE

NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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 realizable 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 semifinished 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.

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

(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:

A. Contingent Liabilities Not Provided For:

No	Nature of Contingent Liabilities	2010-11	2009-10
1	Bank Guarantee	202.50	348.90
2	Disputed Excise Duty Liability	1905.87 *	210.90
3	Disputed Income Tax Liability	66.50	66.50
4	Customs duty on import	100.00	100.00
5	Export obligation Duty	1989.69 **	105.02
6	Customs duty on import of scrap	138.29	138.29
7	Karnataka VAT disputed liabilities	Nil	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 and Rs. 88,32,710 was paid during the year 2007-08. In case of disputed income tax liability Rs. 32,31,967 paid during the year 2006-07.

Management Stand:

*Disputed Central Excise duty liability includes a demand of Rs. 11.76 crores raised by the Department of Central Excise reversing the CENVAT credit taken on Steel and cements used for factory shed and fabrication of equipments. The management has preferred an appeal before CESTAT, Bangalore and is expecting favourable order. ** The customs duty is payable if export obligation is not completed on or before 2016 mainly on account of duty saved on import of Capital machineries for our Integrated Steel Plant, Raichur.

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 obtained from various banks including IDBI Bank Limited for setting up an Integrated Steel Complex at Raichur, Karnataka State is secured by the first charge on fixed assets located at Raichur. Two promoter directors have extended their personal guarantee for the said loan.
- (iii) 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.
- (iv) Corporate loan received from IFCI is secured by the pledge of equity shares of Surana Industries Limited held by the promoter directors, equity shares of Surana Power Limited held by the company as investment and also by the personal guarantee of two directors.

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

c. Unsecured Loan

- (i) Unsecured loan includes Foreign Currency Convertible Bonds (FCCB) issued for USD 25 Million on 15th 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 20th 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 31st March 2011. (ii) Unsecured Loan from others – ICD includes Rs. 20 crores availed from subsidiary company viz Surana Power Limited.

d. Issue of Shares on Preferential Basis

As per the approval of share holders, the company has received the share application money of Rs. 38.13 crores during the year 2009-10 for issuing 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 was repaid during the year, as the allotment was delayed due to open offer procedures and approval from RBI is awaited for such repayment of share application money.

e. 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. During the year 2010-11, the company has revalued the wind mill assets and the resultant surplus of Rs. 9.64 crores was credited to the Revaluation Reserve Account. During the year, the Depreciation amounting to Rs. 0.38 crores on such revalued amount is reduced from the Revaluation Reserve Amount. On sale of windmill, the balance amount of Rs. 9.26 crores lying in the Revaluation Reserve Account is transferred to Capital Reserve Account.

f. Sale of Assets

The Company during the year with the consent of the members under Asset Transfer Agreement dated 1st January 2011 between the Company and M/s Surana Green Power Limited (Subsidiary Company) has transferred the assets relating to Windmill for a total consideration of Rs.70.11 crores. Out of the total consideration due to the company consideration amounting to Rs. 44.90 crores was settled by the subsidiary company by way of allotment of equity shares of Rs.44.90 crores comprising 4,49,00,000 shares of Rs.10 each at par. The profit on transfer of Power Plant aggregating to Rs.3.73 crores is reflected as an Exceptional Item.

g. Directors Remunerations

Salaries And Allowances	2010-11	2009-10
Chairman	37.39	24.00
Managing Director	37.39	24.00
Whole Time Director	32.00	12.00
Director Projects	21.52	11.00

h. Auditors' Remunerations

	2010-11	2009-10
For Statutory Audit and tax audit	6.00	6.00

(Rs. In lakhs)

i. 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

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

Transactions with Related Parties:

Name of the Related Party	Nature of Transaction	As at March 2010 - 11	As at March 2009-10
Subsidiaries:			
Surana Power Limited	Sale of 35 MW Power Plant	-	236.52
	Reimbursement of expenses vide debit note	-	8.72
	Investments	157.16	142.97
	Advance for investment	-	74.81
	Purchase of SMML shares	53.68	0.02
	Lease Rental paid	36.75	-
	Advances received	20.00	-
	Sale of Stores & Consumables	9.45	-

Name of the Related Party	Nature of Transaction	As at March 2010 - 11	As at March 2009-10
	Year - End Balance		
	Investments	375.00	143.02
	Payables	10.46	8.62
	Loans and advances received	20.00	-
Surana Green Power Limited			
	Sale of Windmill	70.11	-
	Investments made	56.15	-
	Loan	2.19	0.16
	Year - End Balance		
	Investments	56.15	0.05
	Receivables	2.19	0.16
Surana Mines and Minerals Limited			
	Investments made	53.67	-
	Advance for investments	2.53	-
	Year - End Balance		
	Investments	56.03	-
	Advance for investments	2.53	-
Uday Energy Pvt. Ltd.	Investments	0.01	-
(Rs. in Lakhs)			
Key Managerial Persons :			
Shri G.R. Surana	Remuneration	37.39	25.28
Shri Dineshchand Surana	Remuneration	37.39	25.32
Shri V.M. Swami	Remuneration	32.00	24.69
Shri Krishna Udappa	Remuneration	21.52	11.00
Others Key Managerial Persons :			
Shri Rajesh Surana	Remuneration	12.59	10.75
Shri Mahaveer Surana	Remuneration	12.52	9.48
Shri Rajiv Surana	Remuneration	12.41	7.59
Shri Deepak Surana	Remuneration	12.41	7.59

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

I. Earnings Per Share As Required By Accounting Standard (As 20) Issued By The Institute of Chartered Accountants of India:

Particulars	2010-11	2009-10
Profit after Tax	5654.59	3471.30
Number of Equity shares in numbers Weighted average number of shares	2,71,50,000	2,07,44,521
No of Potential share holders		
- FCCB	90,92,454	83,96,864
- Share Warrant	-	-
Total number of share holding including potential shareholders	3,62,42,454	2,91,41,385
Basic EPS	20.83	16.73
Diluted EPS	17.17	12.40

m. Deferred Tax Liability (Net)

The components of Deferred Tax Assets and Liabilities as at 31st March 2011 and 31st March 2010 are as given below.

(Amount in Rs.)

Components	31st March 2011	31st March 2010
Deferred Tax Liability		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	67,18,77,016	56,16,83,504
Deferred Tax Asset		
On account of Losses available under the Income Tax Act (B)	17,18,76,326	10,60,27,550
Net Deferred Tax Liability (A) – (B)	50,00,00,690	45,56,55,952
Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax	4,43,44,740	(1,92,98,984)

- n. 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.
- o. 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.
- p. 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 (Unfunded)

Particulars	2010-11	2009-10
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	48,68,290	23,64,017
Interest Costs	3,89,463	1,89,121
Current Service Costs	16,84,996	4,67,363
Benefit Paid	(97,730)	(42,888)
Actuarial (gain)/Loss on obligation	(4,99,503)	18,90,676
Liability at the end of the period	63,45,517	48,68,289

Post retirement Benefit – EL Encashment

Particulars	2010-11	2009-10
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year Interest Costs	1,28,259	51,401
Current Service Costs	2,16,026	2,16,026
Benefit Paid	(42,216)	(2,20,951)
Actuarial (gain)/Loss on obligation	(7,98,779)	9,14,243
Liability at the end of the period	11,06,528	16,03,237

Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

Name of the Company	:	Surana Green Power Limited
Relationship	:	Subsidiary
Amount outstanding as on 31/03/2011	:	Rs.2,19,02,799 Dr balance
Name of the Company	:	Surana Mines and Minerals Limited
Relationship	:	Subsidiary
Amount outstanding as on 31/03/2011	:	Rs.11,89,158 Dr balance

r. Foreign Currency Transactions:

Particulars	(Rs. In lakhs)	
	2010-11	2009-10
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)	9,69,68,172	64,80,36,069
Foreign Travel Expenses	32,88,050	6,94,452
FCCB Interest	2,30,42,969	2,19,73,015

- r. Figures in financial statements and notes have been rounded off to nearest rupee. Quantity figures have been rounded off to the nearest metric tonne.
- t. Previous year's figures have been regrouped, recast and re arranged wherever found necessary.

As per our report of even date attached

For **C.S.P. Jain & Co.,**
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For **R. Subramanian & Company**
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Cashflow

(Amount in Rs.)

PARTICULARS	Year ended 31/03/2011	Year ended 31/03/2010
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	544,552,793	404,339,823
Adjustments for :		
Depreciation	256,668,336	220,376,561
Interest Income	10,906,307	92,638,380
Interest Expenses	822,049,013	575,148,186
Other Non Cash Expenditure	-	9,738,942
Loss on Sale of Asset	2,023,521	-
Profit on sale of Assets	37,316,185	552,773
Operating Profit Before Working Capital Changes	1,575,047,650	1,116,412,360
Adjustments for :		
Trade and Other Receivables	(969,639,676)	1,279,627,372
Inventories	301,102,431	420,392,431
Trade Payables	(313,944,471)	(159,756,062)
Cash Generated from Operations	2,557,529,367	(423,851,381)
Interest Paid	822,049,013	575,148,186
Interest Income	10,906,307	92,638,380
Direct Taxes Paid	115,637,622	69,544,126
Dividend Paid	40,725,000	30,225,000
Cash Flow Before Extraordinary Items	1,590,024,039	(1,006,130,313)
Extraordinary Items	-	-
Net Cash from Operating Activities	1,590,024,039	(1,006,130,313)
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,982,587,996)	(1,409,085,677)
Sale of Assets	701,100,000	2,589,876,587
Purchase of Investments	(2,693,113,466)	(2,178,597,000)
Net Cash Used in Investing Activities	(3,974,601,462)	(997,806,090)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	(381,382,052)	2,271,382,052
Proceeds from Long Term Borrowings	2,696,010,709	(135,211,317)
Net Cash Used in Financing Activities	2,314,628,657	2,136,170,735
Net Increase in Cash & Cash Equivalents	(69,948,766)	132,234,331
Cash & Cash Equivalents as opening balances	264,708,255	132,473,924
Cash & Cash Equivalents as closing balances	194,759,490	264,708,255
	(69,948,765)	132,234,331

For and on behalf of the Board

Dineshchand Surana

Managing Director

Place: Chennai
Date : 03rd May 2011

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, 2011 and 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
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For **R. Subramanian & Company**
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Balance Sheet Abstract and company's general business profile as per Part-IV to Schedule-VI to the Companies Act, 1956.

Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>

Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/>	Total Assets	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/>
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Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="2"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="4"/>

Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/>	Deferred Tax Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>

Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/>
+ - Profit/Loss Before Tax	<input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="6"/>	+ - Profit/Loss After Tax	<input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="9"/>
Earnings Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="3"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/>

Generic Names of Three Principal Products/Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Item Code No. (ITC Code)

Item Code No. (ITC Code)

Item Code No. (ITC Code)

Consolidated **Financial Section**

Auditors' Report	→	00
Annexure to the Auditors' Report	→	00
Balance Sheet	→	00
Profit & Loss Account	→	00
Schedules	→	00
Balance Sheet Abstract	→	00

Consolidated Auditors' report on 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, 2011, 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 wholly owned overseas subsidiary M/s Surana Mines and Minerals Limited whose financial statements reflect total assets (net) of Rs.5232.16 lakhs as at 31st March, 2011, total revenue of (Rs.129.63 lakhs) have not been audited by auditor in the respective country.
Our report is based on the Audited Financial statements for the 9 months ended 31st December 2010 with the report furnished by the overseas auditor and the unaudited financial statement prepared by the management for the 3 months ended 31st March 2011.
- (b) The financial statements of step down overseas subsidiary M/s. PT Borneo Mines and Minerals Limited whose financial statements reflect total assets (net) of Rs.1899.20 lakhs as at 31st March, 2011, total revenue of (-Rs.29.29 lakhs) have been audited by auditor in the respective country.

Our report is solely based on the audited financial statements and the report furnished by the overseas auditor.

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, 2011;
 - (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 & COMPANY

Chartered Accountants,

A. S. RAMANATHAN

Partner

Membership No.: 11072

Firm No : 004137S

Place: Chennai

Date: 03.05.2011

For C.S.P Jain & Co

Chartered Accountants

C.S.PRITHIVIRAJ JAIN

Proprietor

Membership No. 11529

Firm No. 001227S

Consolidated **Annexure** to the Auditors' Report

Consolidated Balance Sheet as at 31st March, 2011

(Amount in Rs.)

PARTICULARS		SCH. NUMBER	31-Mar-11	31-Mar-10
I. SOURCES OF FUNDS				
1.	SHARE HOLDERS FUNDS			
a)	Share Capital	(A)	271,500,000	271,500,000
	Share Application Money (Refer Note 3b)		-	381,382,052
b)	Reserves & Surplus	(B)	5,196,702,358	4,602,028,745
c)	Minority Interest		62,020,869	-
			4,754,896,905	4,609,723,242
2.	LOANS FUNDS			
a)	Secured Loan	(C)	11,936,023,414	7,155,811,925
b)	Unsecured Loan	(D)	3,136,325,234	2,684,141,878
			15,072,348,647	9,839,953,803
3.	DEFERRED TAX LIABILITY		520,906,767	455,655,950
TOTAL SOURCES OF FUNDS			20,348,152,319	14,905,332,995
II. APPLICATION OF FUNDS				
1.	FIXED ASSETS	(E)		
a)	Gross Block		9,508,636,979	9,647,907,431
b)	Less: Depreciation		887,011,092	673,632,325
c)	Net Block		8,621,625,887	8,974,275,106
d)	Capital Work in Progress		6,447,629,842	-
			15,069,255,729	8,974,275,106
2.	INVESTMENTS	(F)	409,260	390,639,710
	Advance for Investments		-	-
3.	CURRENT ASSETS, LOANS AND ADVANCES :	(G)		
a)	Inventories		2,212,506,107	1,806,476,078
b)	Sundry Debtors		2,760,834,749	2,330,239,824
c)	Cash and Bank Balances		745,855,174	970,196,401
d)	Loans and Advances		1,142,274,187	1,772,973,498
			6,861,470,218	6,879,885,800
LESS : CURRENT LIABILITIES AND PROVISIONS :		(H)		
a)	Liabilities		1,432,468,707	1,222,324,865
b)	Provisions		155,379,699	127,420,916
			1,587,848,406	1,349,745,781
NET CURRENT ASSETS			5,273,621,811	5,530,140,019
	Deferred Tax Asset		-	-
4.	MISCELLANEOUS EXPENDITURE	(I)	-	-
a)	Miscellaneous Expenditure (to the extent not written off)		4,865,520	-
Total Application of Funds			20,348,152,319	14,905,332,995

As per our report of even date attached

For C.S.P. Jain & Co.,
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For R. Subramanian & Company
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Consolidated Profit & Loss Accounts for the year ended 31st March, 2011

(Amount in Rs.)

PARTICULARS		SCH. NUMBER	Year ended 31-Mar-11	Year ended 31-Mar-10
I. INCOME				
a)	Sales Net	(J)	12,139,354,204	9,450,180,294
b)	Other Income	(K)	49,271,342	258,702,218
c)	Accretion/Decretion in Inventories	(P)	31,405,536	254,719,878
	Total Income		12,220,031,081	9,963,602,390
II. EXPENDITURE				
a)	Material and Manufacturing Expenses	(L)	9,948,578,462	9,189,110,998
b)	Selling and Distribution Expenses	(M)	51,970,716	44,804,861
c)	Salaries and Administrative Expenses	(N)	275,159,786	150,270,674
d)	Financial Expenses	(O)	1,030,258,182	575,226,903
e)	Depreciation	(E)	373,395,919	220,376,561
f)	Preliminary/Public Issue Expenses Written off	(H)	10,794,712	9,738,942
	Total Expenses		11,690,157,778	10,189,528,939
III. PROFIT BEFORE TAX			529,873,304	(225,926,548)
	Add Exceptional Items		-	-
	Profit after Exceptional Transactions		529,873,304	(225,926,548)
	Provision for Taxes		-	-
IV. CURRENT TAX			124,447,119	76,507,957
V. MAT CREDIT ENTITLEMENT			(188,625,351)*	-
VI. DEFFERED TAX LIABILITY/(ASSET)			65,250,814	(19,298,983)
* MAT Credit receivables includes the receivable for the year 2008-09 and 2009-10 is to the extent of Rs. 1,98,16,248 and Rs. 6,06,50,794 respectively				
VII. PROFIT AFTER TAX			528,800,721	(283,135,522)
VIII. BALANCE BROUGHT FORWARD FROM LAST YEAR			695,934,857	1,061,429,679
IX. AMOUNT AVAILABLE FOR APPROPRIATION			1,224,735,579	778,294,157
X. SHARE OF MINORITY INTEREST			(3,930,681)	-
APPROPRIATION				
XI. PROPOSED DIVIDEND			48,870,000	40,725,000
XII. CORPORATE DIVIDEND TAX			7,927,936	6,921,214
XIII. GENERAL RESERVE			56,545,933	34,713,085
XIV. BALANCE CARRIED TO BALANCE SHEET			1,115,322,391	695,934,858
Basic EPS (Rs.)			19.48	(13.65)
Diluted EPS (Rs.)			16.16	(9.72)

As per our report of even date attached

For C.S.P. Jain & Co.,
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For R. Subramanian & Company
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account

(Amount in Rs.)

PARTICULARS		Year ended 31-Mar-11	Year ended 31-Mar-10
A	SCHEDULE		
	SHARE CAPITAL		
	AUTHORISED CAPITAL		
	* 7,00,00,000 Equity Shares of Rs.10 each (70000000 equity shares of Rs.10 each)	700,000,000	700,000,000
	ISSUED SUBSCRIBED AND PAID UP	-	-
	2,71,50,000 Equity Shares of Rs.10/- each (27150000 Equity Shares of Rs. 10 each)	271,500,000	271,500,000
		271,500,000	271,500,000
B	SCHEDULE		
	RESERVES AND SURPLUS		
a)	Capital Subsidy	1,500,000	1,500,000
b)	Share Premium		
	Opening Balance	3,006,378,654	976,378,654
	Add : Additions for this year	-	2,030,000,000
	Closing Balance	3,006,378,654	3,006,378,654
c)	Revaluation reserve		
	Opening Balance	84,417,407	91,005,983
	Less: Adjustments for this year (NET)	6,588,576	6,588,576
	Closing Balance	77,828,831	84,417,407
d)	Capital reserve		
	Opening Balance	183,258,094	148,545,010
	Add : Additions for this year	56,545,933	34,713,085
	Closing Balance	239,804,027	183,258,095
e)	Profit and Loss Account Surplus	1,115,322,391	695,934,857
f)	Foreign Exchange fluctuation reserve account	(19,457,867)	(14,647,823)
		4,421,376,036	3,956,841,190
C	SCHEDULE		
	SECURED LOAN		
	From Banks:		
	Cash Credit	2,496,991,220	2,190,623,552
	Term Loan From Banks	7,758,914,182	4,853,197,308
	Corporate Loan from IFCI	1,600,000,000	5,02,938,356
	Term Loan from FI	80,118,012	111,991,065
		11,936,023,414	7,658,750,281
D	SCHEDULE		
	UNSECURED LOAN		
	From Others - ICD	1,850,000,000	-
	From Others - FCCB	1,244,064,415	1,181,203,522
	From Others - FI /Others	42,260,819	1,000,000,000
		3,136,325,234	2,181,203,522

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

Sl.	SCHEDULE	Gross Block		Depreciation			Net Block			
		As on 31.3.2010	Add/Dete.	As pm 31.3.2011	Upto 31.3.2010	For the Year	Deletion	Upto 31.3.2010	As on 31.3.2011	As on 31.3.2010
	FIXED ASSETS AND DEPRECIATION									
1.	Land	180,160,361	146,292,514	326,452,875	-	-	-	-	326,452,875	180,160,361
2.	Building	595,737,469	56,162,760	651,900,229	36,406,326	21,253,601	23,420	57,636,497	594,263,732	559,331,142
3.	Machinery	6,321,518,381	4,79,060,259	6,800,578,641	364,477,954	236,776,598	4,380,852	596,873,701	62,03,704,940	5,957,040,427
4.	Machinery	492,335,452	906,561	493,242,013	4,706,931	2,134,166	1,714,094	5,127,003	488,115,009	487,628,521
5.	Vehicles	12,537,839	3,554,328	16,092,167	4,246,201	1,430,934	-	5,677,134	10,415,032	8,291,638
6.	Trucks	525,985,364	6,417,087	532,402,451	93,156,945	59,372,256	-	152,529,202	379,873,250	432,828,419
7.	Computers	118,991,612	2,647,547	121,639,160	29,030,590	18,562,767	-	47,593,357	74,045,802	89,961,023
8.	Furniture	3,893,349	2,456,010	6,349,358	793,082	316,480	-	1,109,562	5,239,797	3,100,267
9.	Rolls	2,014,414	-	2,014,414	2,005,984	8,430	-	2,014,414	-	8,430
10.	Cycle	6,827	-	6,827	4,994	175	-	5,169	1,658	1,833
11.	Windmill	781,185,038	(2,23,226,192)	557,958,846	167,781,104	40,129,089	189,465,139	18,445,053	5,39,513,793	613,403,935
		9,034,366,106	474,270,874	9,508,636,980	702,610,111	379,984,497	195,583,515	887,011,092	8,621,625,888	8,331,755,995

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		Year ended 31-Mar-11	Year ended 31-Mar-10
F	SCHEDULE		
	INVESTMENTS - LONG TERM NON TRADE		
	QUOTED INVESTMENTS		
	P.N.B.Gilts Limited (10000 shares of Rs. 10 each and market value Rs.238000 [239500])	300,000	300,000
	Punjab National Bank (300 shares of Rs. 10 each and market value Rs.367200 [304035])	9,300	9,300
	UNQUOTED SHARES		
	PTAAGate Resources	-	390,330,410
	Trade Investments In Subsidiary Companies		
	Investment-Uday Energy Private Ltd (9996 equity shares of Rs. 10/- each subscribed)	99,960	-
		409,260	390,639,710
G	SCHEDULE		
	i) Inventories		
	a) Raw Materials	959,989,875	630,686,019
	b) Finished Goods/WIP	764,669,770	735,624,770
	c) Stores and Spares	487,846,460	440,165,289
		2,212,506,106	1,806,476,078
	ii) Sundry Debtors (Unsecured Considered Good)		
	a) Debts Outstanding for a period exceeding six months	9,144,108	54,348,867
	b) Other Debts	2,751,690,641	2,275,890,957
		2,760,834,749	2,330,239,824
	iii) Cash & Bank Balances		
	a) Cash on Hand	921,829	1,165,686
	b) Cash at Bank		
	i) in Current Account	569,087,646	822,094,192
	ii) in Margin Money Account	175,845,699	146,936,523
		745,855,174	970,196,401
	iv) Loans And Advances (Unsecured and considered good)		
	a) CENVAT & VAT	301,118,154	229,679,183
	b) Prepaid Exp. & Receivables	132,954,627	27,149,438
	c) MAT credit entitlement	188,625,351	-
	d) Advance to Suppliers & Others	501,815,618	1,353,792,482
	e) Advance to subsidiaries/Holding Company	-	136,164,810*
	f) Deposit with Government and Semi Government Departments	17,760,438	26,187,585
		1,142,274,187	1,772,973,498

* Related to subsidiaries not consolidated

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		Year ended 31-Mar-11	Year ended 31-Mar-10
H	SCHEDULE		
	CURRENT LIABILITIES AND PROVISIONS		
a)	Current Liabilities		
i)	Creditor for Capital Goods	64,377,896	89,158,330
ii)	Creditor for Purchases		
	- Due to Small Scale Industries	-	-
	- Due to others	1,266,693,997	732,048,236
iii)	Creditor - Others / Expenses	101,396,814	401,118,299
		1,432,468,707	1,222,324,865
b)	Provisions		
i)	Provision for Current Tax	84,371,648	68,716,408
ii)	Provision for Leave Encashment	1,204,850	1,603,237
iii)	Provision for Gratuity	6,511,381	4,868,290
iv)	Proposed Dividend	48,870,000	40,725,000
v)	Provision for Bonus	6,493,884	4,586,767
vi)	Provision for Dividend Tax	7,927,936	6,921,214
		155,379,699	127,420,916

I	SCHEDULE		
	MISCELLANEOUS EXPENDITURE (To the extent not written off)		
a)	Preoperative Expenses	10,278,160	5,160,179
	Add : Addition	5,382,072	-
	Less : Written off during the year	10,794,712	5,160,179
		4,865,520	-
b)	Deferred Revenue Exp	-	14,856,924
	Less : Written off during the year	-	4,578,764
		-	10,278,161
	Grand Total	4,865,520	10,278,161

J	SCHEDULE		
	SALES		
	Gross Sales	12,379,675,692	9,558,981,135
	Less: Excise Duty	298,152,389	168,417,328
	Net Sales	12,081,523,303	9,390,563,806
	DIRECT INCOME		
	Conversion Charges	-	7,885,477
	Sale of Electricity	57,830,901	51,731,011
	Net Sales	12,139,354,204	9,450,180,294

K	SCHEDULE		
	OTHER INCOME		
a)	Bank Interest Received	13,090,651	18,107,130
b)	Exchange Gain (Net)	2,415,749	73,694,562
c)	Others	33,764,941	166,900,526
		49,271,342	258,702,218

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		Year ended 31-Mar-11	Year ended 31-Mar-10
L	SCHEDULE		
	MATERIAL & MANUFACTURING EXPENSES		
a)	Cost of Material Consumed		
	Opening Inventory	630,686,019	557,035,089
	Add: Purchases including Carriage inward	9,561,293,610	8,807,547,159
	Less: Closing Stock	865,439,533	630,686,019
	Consumption	9,326,540,096	8,733,896,228
b)	Stores and Spares Consumed		
	Opening Inventory	440,165,289	321,513,137
	Add: Purchases	222,681,881	270,169,613
	Less: Closing Stock	485,485,925	440,165,289
	Consumption	177,361,245	151,517,460
c)	Power and Fuel	274,508,928	190,341,788
d)	Repair & Maintenance	16,436,771	9,581,672
e)	Other Manufacturing Expenses	10,887,715	4,489,676
f)	Wages	134,112,415	89,408,022
g)	Clearing and Forwarding	8,731,291	9,876,151
		9,948,578,462	9,189,110,998
M	SCHEDULE		
	SELLING AND DISTRIBUTION EXPENSES		
a)	Commission Paid	4,138,640	3,805,110
b)	Handling and Weightment charges	5,319,537	2,373,439
c)	Transportation Charges	42,512,539	38,626,312
		51,970,716	44,804,861
N	SCHEDULE		
	ADMINISTRATIVE EXPENSES		
a)	Salary and Bonus	122,218,894	58,894,581
b)	Printing and Stationery	2,245,098	1,275,115
c)	Advertisement	2,741,549	4,694,400
d)	Electricity Charges	1,507,110	2,026,466
e)	Telephone Charges	4,465,272	3,342,421
f)	Rent, Rates, & Taxes	23,324,012	10,912,823
g)	Travelling & Conveyance Exp.	18,822,769	9,610,222
h)	Postage & Telegram	583,718	317,990
i)	Books & Periodicals	184,731	59,862
j)	Staff Welfare	1,843,726	1,017,099

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

(Amount in Rs.)

PARTICULARS		Year ended 31-Mar-11	Year ended 31-Mar-10
N	SCHEDULE (Contd.)		
	k) Professional & Consultancy Exp.	20,976,437	10,752,569
	l) Vehicle Maintenance	4,366,216	3,665,972
	m) Business Promotion Expenses	4,032,553	2,986,574
	n) Audit Fees	1,206,967	762,242
	o) Office Maintenance	3,815,731	766,472
	p) Donation	17,000	558,602
	q) General Expenses	7,490,750	8,454,164
	r) Insurance Charges	16,816,319	11,709,873
	s) Employers Contbn. ESI & EPF	4,500,853	3,480,051
	t) Testing Fees	2,491,094	2,647,226
	u) Bad Debts written off	7,667,964	71,970
	v) Loss on Sale of Asset	2,023,521	-
	w) Legal Charges	3,306,045	1,838,186
	x) Directors' Remuneration	13,030,000	8,405,000
	y) Sitting Fees & Listing Fees	534,103	211,288
	z) Meeting Expenses	1,214,142	573,008
	a) Windmill Maintenance	2,740,470	157,589
	b) Application Fee & Subscription Fee	866,565	933,665
	c) AGM Expenses	126,178	145,246
		275,159,786	150,270,674
O	SCHEDULE		
	FINANCIAL EXPENSES		
	a) Interest on Term Loans	684,225,268	290,241,719
	b) Interest on working capital	266,241,498	191,084,938
	c) Bank and Other Finance Charges	79,791,416	93,900,246
		1,030,258,182	575,226,903
P	SCHEDULE		
	ACCRETION/DECRETION IN INVENTORIES		
	Closing Stock		
	a) Finished Goods/WIP	756,653,050	735,624,770
	b) Stores & Consumables	2,360,535	
	c) Electricity in Pipe Lime	8,016,720	
		767,030,305	735,624,770
	Less: Opening Stock		
	a) Finished Goods/WIP	735,624,770	480,904,892
		735,624,770	480,904,892
	ACCRETION/DECRETION IN INVENTORIES	31,405,536	254,719,878

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE

NOTES ON 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, 2011. 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
		2010-11	2009-10	
A.	Subsidiaries			
	Surana Power Limited	100%	100%	India
	Surana Mines and Minerals Ltd	100%	100%	Singapore
	Surana Green Power Ltd	100%	100%	India
	PT Agate Respirces	0%	51%	Indonesia
	PT Borneo Mines and Minerals Limited	51%	0%	Indonesia

2. Notes On Accounts:

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.

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

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 realizable 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 semifinished 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.

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

3. Notes On Accounts:

Contingent Liabilities Not Provided For

a. Contingent Liabilities Not Provided For

		(Rs. In Lakhs)	
No.	Nature of Contingent Liabilities	2010-11	2009-10
1	Bank Guarantee	202.50	348.90
2	Disputed Excise Duty Liability	1905.87 *	210.90
3	Disputed Income Tax Liability	66.50	66.50
4	Customs duty on import	100.00	100.00
5	Export obligation Duty	1989.69 **	105.02
6	Customs duty on import of scrap	138.29	138.29
7	Karnataka VAT disputed liabilities	Nil	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 and Rs. 88,32,710 was paid during the year 2007-08. In case of disputed income tax liability Rs. 32,31,967 paid during the year 2006-07.

Management Stand:

* Disputed Central Excise duty liability includes a demand of Rs. 11.76 crores raised by the Department of Central Excise reversing the CENVAT credit taken on Steel and cements used for factory shed and fabrication of equipments. The management has preferred an appeal before CESTAT, Bangalore and is expecting favourable order. ** The customs duty is payable if export obligation is not completed on or before 2016 mainly on account of duty saved on import of Capital machineries for our Integrated Steel Plant, Raichur.

b. Issue of shares on preferential basis

As per the approval of share holders, the company has during the year 2009 – 2010 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. During the year 2010 – 2011 due to delay in making the allotment, the amount received was refunded back to the share applicants.

c. Earnings per share :

Particulars	(Rs. In Lakhs)	
	Except for share data	
	2010-11	2009-10
Profit after Tax	5,28,800,721	(28,31,35,523)
Number of Equity shares in numbers	2,71,50,000	2,71,50,000
Weighted average number of shares	2,71,50,000	2,07,44,521
No of Potential share holders-		
- FCCB	90,92,454	83,96,864
-Share Warrant	-	-
Total number of share holding including potential shareholders	3,62,42,454	2,91,41,385
Basic EPS	19.48	(13.65)

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

d. Deferred Tax Liability (Net)

The components of Deferred Tax Assets and Liabilities as at 31st March 2011 and 31st March 2010 are as given below.

	(Rs. In Lakhs)	
	31st March 2011	31st March 2010
Deferred Tax Liability		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	97,59,67,117	56,16,83,504
Deferred Tax Asset		
On account of Losses available under the Income Tax Act (B)	45,50,60,353	10,60,27,550
Net Deferred Tax Liability (A) – (B)	52,09,06,764	45,56,55,952
Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax	6,52,50,814	(1,92,98,984)

e. 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.

f. 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.)	
	2010-11	2009-10
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	48,68,289	23,64,017
Interest Costs	3,89,463	1,89,121
Current Service Costs	18,50,861	4,67,363
Benefit Paid	(97,730)	(42,888)
Actuarial (gain)/Loss on obligation	(4,99,502)	18,90,676
Liability at the end of the period	65,11,381	48,68,289

Post retirement Benefit – EL Encashment

	(Amount in Rs.)	
	2010-11	2009-10
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	16,03,237	6,42,518
Interest Costs	1,28,260	51,401
Current Service Costs	3,14,348	2,16,026
Benefit Paid	(42,216)	(2,20,951)
Actuarial (gain)/Loss on obligation	(7,98,779)	9,14,243
Liability at the end of the period	12,04,850	16,03,237

g. Foreign Currency Transactions

	(Amount in Rs.)	
	2010-11	2009-10
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)	9,69,68,172	64,80,36,069
Foreign Travel Expenses	32,88,050	6,94,452
Interest on FCCB Interest	2,30,42,969	2,19,73,015

Consolidated Schedules Forming Part of Balance Sheet and Profit And Loss Account (Contd.)

Q SCHEDULE (Contd.)

h. Segment Reporting

Information about Primary business segment

(Rs. In lakhs)

Particulars	Steel	Others	Total
Total Revenue	121603.82	596.48	100381.34
Segment revenue before exceptional items, interest and tax	15530.71	70.60	15601.31
Less: Net Financial Charges	10258.55	44.02	10302.58
Profit before exceptional items and tax	5272.16	26.58	5298.73
Less: Exceptional items	—	—	—
Profit after exceptional items and tax	5272.16	26.58	5298.73
Taxes	34.90	(24.18)	10.73
Profit after Taxes	5237.26	50.76	5288.02
Segment Assets	102715.81	100765.71	203481.52
Segment Liabilities	103484.65	52447.90	155932.55
Total cost incurred during the year to acquire segment assets	19635.91	44534.39	64170.30
Segment Depreciation	2566.68	1167.28	3733.96
Non cash expenditure other than depreciation	—	107.95	107.95

Information about secondary segment:

(Rs. In lakhs)

Particulars	2010-11	2009-10
Revenue by Geographical Market		
India -Outside India Total	121819.55	100381.34
	380.76	—
	122200.31	100381.34
Additions to Fixed Assets/Intangible assets		
-India -Outside India Total	63313.70	59680.71
	856.60	—
	64170.30	59680.71
Carrying amount of Segment Assets		
-- India Outside India Total	149835.96	158860.30
	856.60	1414.74
	150692.56	160275.04

- i. Figures in financial statements and notes have been rounded off to nearest rupee. Quantity figures have been rounded off to the nearest metric tonne.
- j. Previous year's figures have been regrouped, recast and re arranged wherever found necessary.

As per our report of even date attached

For C.S.P. Jain & Co.,
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For R. Subramanian & Company
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Consolidated Cashflow From Operating Activities

(Amount in Rs.)

PARTICULARS	Year ended 31/03/2011	Year ended 31/03/2010
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	529,873,304	(225,926,548)
Adjustments for :		
Depreciation	373,395,919	220,376,561
Interest Income	13,090,651	18,107,130
Interest Expenses	1,030,258,182	575,226,903
Other Non Cash Expenditure	10,794,712	9,738,942
Loss on Sale of Asset	2,023,521	-
Profit on sale of Assets		-
Operating Profit Before Working Capital Changes	1,931,231,466	561,308,728
Adjustments for : Trade and Other Receivables	(388,729,737)	1,318,632,683
Inventories	406,030,029	420,392,430
Trade Payables	(216,502,136)	(233,978,088)
Cash Generated from Operations	2,130,433,311	(943,738,297)
Interest Paid	1,030,258,182	575,226,903
Interest Income	13,090,651	18,107,130
Direct Taxes Paid	115,713,093	69,544,126
Dividend Paid	40,725,000	30,225,000
Cash Flow Before Extraordinary Items	956,827,687	(1,600,627,196)
Extraordinary Items	5,382,072	10,278,180
Net Cash from Operating Activities	951,445,615	(1,610,905,376)
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,417,030,083)	(1,985,384,104)
Sale of Assets	-	276,857
Purchase of Investments	390,230,450	(390,330,410)
Net Cash Used in Investing Activities	(6,026,799,633)	(2,375,437,657)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	(381,382,052)	2,271,382,052
Proceeds from Long Term Borrowings	5,232,394,844	2,552,288,683
Net Cash Used in Financing Activities	4,851,012,792	4,823,670,735
Net Increase in Cash & Cash Equivalents	(224,341,226)	837,327,702
Cash & Cash Equivalents as opening balances	970,196,401	132,867,950
Cash & Cash Equivalents as closing balances	745,855,174	970,196,401
	(224,341,226)	837,328,451

For and on behalf of the Board

Dineshchand Surana

Managing Director

Place: Chennai
Date : 03rd May 2011

1	Name of the Company Surana Power Limited Financial year of the Company 31st March, 2011	Surana Mines and Minerals Limited 31st March, 2011	Surana Green Limited 31st March, 2011
3	Share of the subsidiary held by Surana Industries Limited on the above date		
	a) Number of shares and face value 305149200 equity shares of Rs.10 each (Fully paid up)	15000001 equity shares of S [₹] 1 each (Fully paid up)	56153600 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 2011 Nil	Nil	Nil
	b) Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2011 27,352,484	(2,929,709)	12,963,988
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 2011 Nil	Nil	Nil
	b) Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2011 27,352,484	12,298,635	(5,034,703)

For and on behalf of the Board

G.R. Surana
Chairman

Dineshchand Surana
Managing Director

V. M. Swami
WholeTime Director

Place: Chennai

Date : 03rd May 2011

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, 2011 and 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
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For **R. Subramanian & Company**
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary

Statement Pursuant To Section 212 of The Companies Act, 1956, Relating To Subsidiary Companies

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 2011

(Amount in Rs.)

Particulars		Surana Power Limited	Surana Mines and Minerals Limited	Surana Green Power Limited
1	Share Capital	3,051,492,000	510,918,134	561,536,000
2	Reserves	725,860,484	12,298,635	(5,034,703)
3	Total Assets	8,938,087,290	523,216,769	798,295,881
4	Total Liabilities	8,938,087,290	523,216,769	798,295,881
5	Investments	-	69,675,345	-
6	Income	367,872,752	37,853,966	10,441,639
7	Profit/ (Loss) Before Tax	51,674,172	12,963,988	(7,454,747)
8	Taxes	24,321,688	-	(2,418,044)
9	Profit/ (Loss) After Tax	27,352,484	12,963,988	(5,034,703)

10 Proposed Dividend

As per our report of even date attached

For **C.S.P. Jain & Co.,**
Chartered Accountants
C.S. Prithviraj Jain
Proprietor
Membership No. 11529
Firm No: 001227S
Place: Chennai
Date : 03rd May 2011

For **R. Subramanian & Company**
Chartered Accountants
A.S. Ramanathan
Partner
Membership No. 11072
Firm No: 004137S

For and on behalf of the Board

G.R. Surana
Chairman
V. M. Swami
WholeTime Director

Dineshchand Surana
Managing Director
L.R.M. Sripiriyadarshini
Company Secretary



Surama Industries Limited