

GURUDEV



# 21<sup>st</sup> SURANA INDUSTRIES LIMITED

(ISO Certified & Integrated Special Steel Manufacturing Company)

**TWENTY FIRST ANNUAL REPORT  
2011 - 2012**

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**BOARD OF DIRECTORS:**

Shri. G.R. SURANA	: Chairman
Shri. DINESHCHAND SURANA	: Managing Director
Shri. V.M. SWAMI	: Wholetime Director
Shri. KRISHNA UDUPA	: Director - Project
Shri. V. ARANGANATHAN	: Director - Finance & Accounts
Dr. B. SAMAL	: Director
Dr. S.K. GUPTA	: Director
Shri. K.N. PRITHVIRAJ	: Director
Shri. B.S. PATIL	: Director
Shri. K. BIJU GEORGE	: Nominee Director (IDBI Bank)
Shri. RAJESH SURANA	: Director - Commercial
Shri. RAJIV SURANA	: Executive Director

COMPANY SECRETARY : Shri. VENKATRAMAN

**MANAGEMENT**

Shri. R.K. CHOUHAN	: Chief Executive Officer
Shri. K. VIJAY KUMAR	: President - Corporate Affairs
Shri. K.K. SONI	: Senior Vice President
Shri. VIJAY CHORDIA	: Asst. Vice President
Shri. K. NARAYANA	: General Manager - HR, Legal & PR
Shri. V. RAMAN	: General Manager - Finance
Shri. S.S. DESHPANDE	: General Manager - Accounts & Taxation
Shri. VISHWANATHAN MENON	: General Manager - Quality Assurance
Shri. AJAY KUMAR SHUKLA	: Jt. General Manager - Projects
Shri. V.K. VENKAT RAO	: Deputy General Manger - Exim
Shri. B. SUDHARSAN	: Deputy General Manger - Systems
Shri. V. SURESH	: Deputy General Manger - M.D. Secretariat
Shri. DHARMAVEERA NADUBAIL	: Deputy General Manger - SMS
Shri. MAHENDRAKUMAR THIRIPATI	: Deputy General Manger - Utilities
Shri. AJAY CHATURVEDI	: Deputy General Manger - Purchase

**STATUTORY AUDITORS:**

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

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

**COST AUDITORS**

Mr. R. Sivasubramanian  
Flat No.15, Anand Appartments,  
New No.11, (Old No.7) 9th Street,  
Dr. Radhakrishnan Salai,  
Mylapore, Chennai - 600 014.

**REGISTRARS AND SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Ltd  
"Subramanian Building", 5th Floor,  
No.1, Club House Road,  
Chennai - 600 002.

**REGISTERED CUM CORPORATE HEAD OFFICE :-**

No.29, Whites Road, 2<sup>nd</sup> Floor,  
Royapettah, Chennai - 600 014.  
Phone : 044 - 28525127(3 Lines)  
Fax : 044 - 28520713  
Email : surana@suranaind.com  
Web : www.suranaind.com

**BRANCH OFFICE :**

1. No. 303, Ritual Park, Arumugam Circle,  
Basavangudi, Bangalore - 560 004.
2. No.20-171/2, 1<sup>st</sup> Floor,  
Sama Venkat Reddy Building,  
Ralla Guda Road, Shamshabad,  
Hyderabad - 501 218.

**FACTORY & WORKS ADDRESS :**

1. F-67, 68 & 69, Sipcot Industrial Complex  
Gummidipoondi - 601 201. Tamilnadu.
2. Plot No. 231-234, Raichur Growth Centre, KIADB,  
Raichur District, Raichur - 584 102, Karnataka.  
(Integrated Steel Complex)
3. No. 30, G.N.T. Road,  
Madhavaram, Chennai - 600 110.
4. No. 144, Kondakarai (NTPC) Road,  
Ponneri Taluk, Chennai - 600 120.
5. "Anugraha" No.6, 2<sup>nd</sup> Main Road,  
Behind Govt. School, Byalarayanapura,  
Mysore Road, Bangalore - 560 026.

**BANKERS:**

<b>ALLAHABAD BANK</b>	: Chennai Main Branch, 41, Mount Road, Chennai - 600 002.
<b>BANK OF BARODA</b>	: Corporate Financial Services Branch, No. 21, Gopalakrishnan Street, T. Nagar, Chennai - 600 017.
<b>BANK OF INDIA</b>	: Large Corporate Banking Branch, IV th Floor, Tarapore Tower, 826, Anna Salai, Chennai - 600 002.
<b>CANARA BANK</b>	: Teynampet Branch, 574, Anna Salai, Chennai – 600 018
<b>CENTRAL BANK OF INDIA</b>	: Corporate Finance Branch, Addison Building, No. 803, Mount Road, Chennai -600 002.
<b>DENA BANK</b>	: Dena Corporate Centre, C-10, G Block, Bandra Kurla Complex, Bandra East Mumbai - 400 051.
<b>IDBI BANK LTD.</b>	: Chennai Main Branch, No.115, Anna Salai, Saidapet, Chennai - 600 015.
<b>INDIAN OVERSEAS BANK</b>	: C& IC Branch, No. 98-A, Dr. Radhakrishnan Salai, Chennai - 600 004.
<b>ORIENTAL BANK OF COMMERCE</b>	: Mylapore Branch, No. 63, Dr. Radhakrishnan Salai, Chennai - 600 004.
<b>PUNJAB NATIONAL BANK</b>	: Mint Street Branch, No. 35, Mint Street, Sowcarpet, Chennai - 600 079.
<b>STATE BANK OF INDIA</b>	: Industrial Finance Branch, No. 155, Anna Salai, Chennai - 600 002.
<b>SYNDICATE BANK</b>	: Corporate Finance Services Branch, No. 170, Eldams Road, Teynampet, Chennai - 600 018.
<b>UCO BANK</b>	: Flagship Corporate Branch, PLA Towers, No. 212, Anna Salai, Chennai - 600 006.

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty First Annual General Meeting of M/s. Surana Industries Limited will be held at the Hotel GRT Grand, Convention Centre, No. 120, Thyagaraya Road, T. Nagar, Chennai 600 017 on 10<sup>th</sup> July, 2012 at 10.30 A.M. to transact the following Businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended as on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on the equity shares for the year ended 31<sup>st</sup> March, 2012.
3. To appoint a Director in the place of Shri. K.N. Prithviraj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri. B.S. Patil, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint the Joint Auditors M/s. C.S.P. Jain & Company and M/s. R. Subramanian & Company, Chartered Accountants for the year 2012-2013, to hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General meeting of the Company and to authorize the Board to fix their remuneration.

By Order of the Board

**For SURANA INDUSTRIES LIMITED**

**DINESHCHAND SURANA  
MANAGING DIRECTOR**

Place: Chennai

Date: 28<sup>th</sup> May 2012

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT ONE OR MORE PROXY / (IES) A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT A BE A MEMBER. PROXY FORMS, IN ORDER TO BE VALID SHOULD BE DULY COMPLETED STAMPED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring the attendance slip duly filed in for attending the meeting.
3. Corporate Members intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
4. Members are advised to quote the Registered Folio / DPID & Client ID Number in all correspondence with the Company.
5. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on working days.
6. The Register of Members of the company will remain closed from Friday 6<sup>th</sup> July 2012 to Tuesday, 10<sup>th</sup> July 2012 (both days inclusive).
7. The dividend, if approved, will be paid on from at 14<sup>th</sup> July 2012 to those members (or their mandatories) whose names appear in the Company's register of members on 06.07.2012 In respect of demat shares, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the depositories for this purpose.

8. Members are requested to contact the Registrar and Transfer Agent for all matters relating to Company's Shares at:
- M/s. Cameo Corporate Services Limited.  
No.1, Club House Road, 5<sup>th</sup> Floor,  
"Subramanian Building", Chennai 600 002.  
Email : investor@cameoindia.com
9. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agents to facilitate better services:
- Any change in their address, mandates, bank details.
  - Share Certificates held in multiple accounts names or joint names in the same order of names for consolidation of such shareholding into one account.
10. Dividend for the financial year ended 31-03-2005 which remains unpaid and unclaimed, will be due for transfer to the Investor Education and Protection Fund of Central Government in August, 2012 pursuant to provisions of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) for the financial year(s) are requested to approach Company's Registrar and Share Transfer Agent for duplicate warrants.
11. Non- resident Indian Members are requested to inform the Registrar and Share Transfer Agent of the Company, immediately of the change in their residential status on return to India for permanent settlement together with the particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin code number, if not furnished earlier.

#### **Important Communication to Shareholders**

##### **Green Initiative**

12. The Ministry of Corporate Affairs vide their circular dated 21.04.2011 and 29.04.2011, allowed the companies to electronically send documents to the shareholders under section 53 of the Companies Act, 1956.

Further as per recent amendments to clause 32 of listing agreement, listed companies shall supply.

- Soft copies of full annual reports to all those shareholder(s) who have registered their email address(es) for the purpose.
- Hard copies of full annual reports to those shareholders who request for the same.

We therefore propose to send documents including Annual Reports in electronic form to the Members on the email address provided by them to the Company/Share transfer Agent/Depositories.

The Members holding shares in physical form are requested to intimate/update the email address to the Company/Share transfer agent while those holding in demat form can intimate/update their email address to their respective Depository Participants.

Members are will be entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail, upon receipt of a requisition from them.

By Order of the Board

**For SURANA INDUSTRIES LIMITED**

**DINESHCHAND SURANA**  
**MANAGING DIRECTOR**

Place: Chennai

Date: 28<sup>th</sup> May, 2012

## DIRECTORS' REPORT

To

The Members

The Directors of the Company have great pleasure in presenting to you the 21<sup>st</sup> ANNUAL REPORT of the Company, together with the Audited Balance Sheet as on 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ending on 31<sup>st</sup> March, 2012.

### 1. FINANCIAL RESULTS

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

PARTICULARS	2011-2012    2010-2011	
	(Rs. in Crores)	
Net Sales	1351.42	1223.02
Profit before Tax and Depreciation	77.47	76.39
Profit before tax	44.74	54.45
Provision for current tax	8.95	11.41
Deferred Tax Provision	11.29	4.43
Profit after Taxes	32.76	56.55
Proposed Dividend	3.48	4.88
Dividend Tax	0.56	0.79
Transfer to General Reserves	3.28	5.65
Balance carried forward from previous year	177.85	132.65
Balance Carried Forward to Balance Sheet	203.29	177.85

#### 1.1 Financial Performance

Your Directors are pleased to state that the Company achieved Net sales of Rs 1351.42 crores for the year ending on 31<sup>st</sup> March, 2012 as compared to Rs.1223.02 crores in the previous year.

Profits after taxes amounted to Rs. 32.76 crores as compared to Rs. 56.55 crores for the previous year.

The decrease in Profit after tax as compared to the previous year is mainly an account of increase in cost of raw materials due to inconsistency in supply of iron ore, finance cost and depreciation.

### 2. KEY FINANCIAL INDICATORS

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

Particulars	2011-2012	2010-2011
Earning Per Share (Rs)	11.28	20.83
Dividend Per Share (Rs)	1.20	1.80
Dividend Payout Ratio (%)	10.64	8.64
Return on Net Worth (%)	5.45	10.34

### 3. DIVIDEND

Your Directors have recommended a final dividend of Rs. 1.20/- per equity share (12 percent) for the financial year ended on 31<sup>st</sup> March, 2012 as against 18% declared last year. A lesser percentage of dividend is recommended due to a reduction in profitability this year as well as the need to conserve resources for the expansion programme. The dividend distribution would result in a cash outflow of Rs. 3.48 crores and tax on dividend of Rs. 0.56 crore as against Rs. 4.88 crores, and tax on dividend of Rs. 0.79 crore, in the previous year.

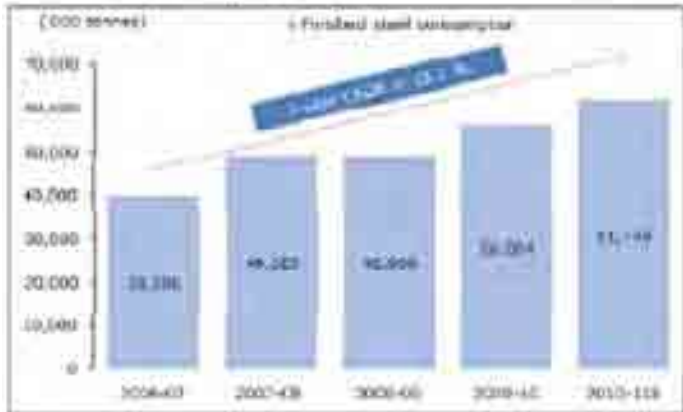
### 4. STEEL INDUSTRY OUTLOOK:

Steel is the most widely used engineering material and is poised to play a very important role in the infrastructure development phase of India. India has emerged as the fourth largest producer of steel in the world and is expected to become the second largest producer of crude steel by 2015-16. Consumption of steel follows the GDP growth of any country. As per Ministry of Steel estimates, the Iron and Steel Industry contributes around 2% of the GDP and its weight in the Index of Industrial Production is 6.2%.



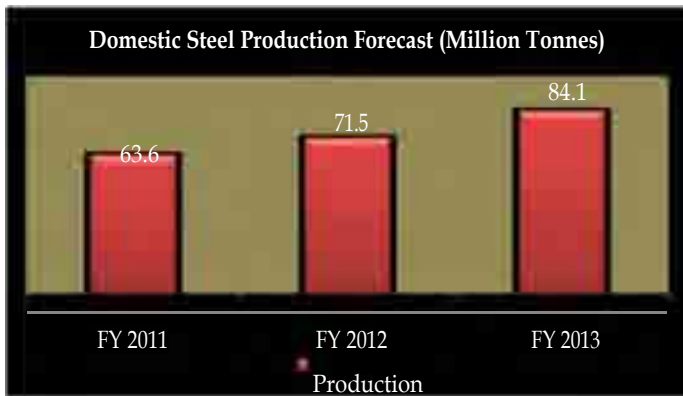
Indian steel demand grew by a robust 13.1 per cent CAGR during 2005-06 to 2010-11, (Fig.1) driven by the rising investments in infrastructure and construction and a strong growth in capital goods and automobile sales. In 2010-11, India was the fourth largest producer and consumer of steel.

Domestic Steel Consumption (2005-2011) (Fig.1)



Source: IIC, CMIE, Economic

The Domestic Steel Production Forecast upto 2013 is given below :



According to estimates, Steel demand in India is to witness strong growth on account of the projected growth in key steel consuming segments like automobiles, oil & gas, construction and infrastructure. Construction activities have surged in the urban areas and there is a rise in usage of steel in rural areas. The recent entry of foreign players in the automobile sector will further boost steel demand.

The steel industry is expected to add substantial quantity of finished steel capacity during FY 2011 to FY 2013. The finished steel production is expected to grow by

12.5% in FY 2012 and by 17.5% in FY 2013. By March 2013, finished steel production is expected to touch 84 million tonnes from around 63.6 Million tonnes in the financial year 2011 as per CMIE.

## 5. PROJECTED DEMAND-SUPPLY SCENARIO

It has been estimated that the steel demand in India will post 7 to 9% growth between 2010-11 to 2015-16 as compared to a 13.1% growth in the previous five years. With this the steel demand in India is expected to reach 90 Million tons by 2015-16. The steel industry is expected to add 39 Million tons of finished steel capacity during 2011-13.

The finished steel consumption is expected to grow by 12% and 14% respectively in FY 2012 and FY 2013, after an estimated 9.5% growth in FY 2011 on account of rising construction and infrastructure investments in the country. The Eleventh five year plan has a very large investment target towards infrastructure development.

Power, Roads, Telecommunication and Railways will constitute 72% 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 (FY 2013 – FY 2017) estimates an investment outlay of USD 1.03 trillion at 2006-07 prices, a 100% increase over the previous plan entailing a huge demand potential for steel in the coming years.

The installed capacity for crude steel is projected to be 200 MTPA by FY 2020 as per the National Steel Policy, formulated by the Ministry of Steel.

Steel is the most widely used engineering material and is poised to play a very important role in the infrastructure development phase of India. India has emerged as the fourth largest producer of steel in the world and is expected to become the second largest producer of crude steel by 2015-16. Consumption of steel follows the GDP growth of any country. As per Ministry of Steel estimates, the Iron and

Steel Industry contributes around 2% of the GDP and its weight in the Index of Industrial Production is 6.2%.

## **6. RAW MATERIAL DYNAMICS**

### **6.1 Raw Materials**

Iron Ore is the main raw material for our production. India has a total iron ore reserves of 25 billion tonnes available mainly in Orissa, Jharkhand, Chhattisgarh & Karnataka. Our country is the third largest exporter of iron ore with approximately 60% of the total production being exported. Iron ore production and consumption has grown at a compounded annual growth rate of 11% and 17% during Financial Year 2005 to Financial Year 2009 period.

### **6.2 Allotment of Iron Ore Mines**

The Company has already applied for allotment of Iron Ore Mines to the Government of Karnataka. The matter is being actively followed up. Notwithstanding this, your company is in a position to source this rawmaterial from the market or from other agencies. However, having captive mines will improve the competitive advantage for company's workings.

### **6.3 Coal Supplies**

Your Directors are pleased to state our Subsidiary Company viz Surana Mines and Minerals Limited, Singapore has acquired mining rights in Sassanga 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 greater viability for the Company.

## **7. OPERATIONAL ISSUES:**

### **7.1 Gummidipoondi Plant:**

The Production at Gummidipoondi Plant was affected for the last couple of years due to severe power cut in Tamil Nadu. From June 2008 onwards there was a 40% power cut for the industries in Tamil Nadu and this situation continued for most part of 2009-2010 and also in 2011-2012.

### **7.2 Integrated Steel Plant at Raichur:**

The Integrated Steel Complex at Raichur was implemented in two phases. The first phase comprising of Sponge Iron Plant (Direct Reduction of Iron) and Steel Melting Shop were completed in June 2008 and February, 2009 respectively. The Rolling Mill operation was taken up in the second phase in as much the capacity of the rolling mill was increased from 0.2 million tonnes per annum to 0.3 million tonnes per annum which has become fully operational. Recent stoppage of mining activities in large part of Bellary area has affected smooth supply of iron ore to the plant.

## **8 SUBSIDIARIES:**

### **8.1 Surana Power Limited**

Surana Power Limited is in the process of setting up of 2 x 210 MW Thermal Power Plant at Raichur at a total cost of Rs.2400 crores. SPL already has an existing 35MW Power Plant. 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 a capital contribution of Rs.375 crores and the Foreign Private Equity Investors and their Associates and Others are expected to bring in their share of Rs.300 crores in due course.

The estimated funding requirement for the 420 MW Power plant is Rs.2400 crores. The Company has achieved financial closure. The Company has already spent around Rs. 1030 crores as on 31<sup>st</sup> March 2012. This has been met out of the equity contribution of Rs. 300 crores and term loan of Rs. 770.84 crores. The Project implementation is on schedule and expected to go on stream by April 2013.

### **8.2 Surana Mines And Minerals Limited, Singapore**

Surana Mines and Minerals Ltd, is the wholly owned subsidiary of Surana Industries Ltd at Singapore.

The Company is expected to commence trading activities in coal as well as scraps in the global market for supply to steel and power plant in the group. The Company has

a step down subsidiary M/s. PT Borneo Mines & Minerals which has acquired mining rights in the Sassanga coal mines in Indonesia.

### 8.3 Surana Green Power Limited:

SGPL, a 100% subsidiary of Surana Industries Limited, is in the business of Power Generation. It had acquired 8 windmills from the parent company in the previous year of which one windmill of 0.6 MW has been sold during the year.

SGPL is in the process of availing the Group Captive Scheme (GCS) wherein it may sell electricity to other Captive users. SGPL has incorporated a 100% subsidiary M/s. Surana Green Energy Limited in order to avail the benefits under the GCS.

SGPL has also submitted its project for registration under the UNFCCC (United Nations Framework Convention on Climate Change) Clean Development Mechanism Scheme (CDM). Once registered the project shall be eligible for Carbon Credits which can be sold in the international markets.

The Company has already registered its project for Voluntary Carbon Credits and will continue claim the credits under this scheme till registration under the CDM.

The Company has plans to setup a 101 MW windmill project and also has plans to enter the Solar energy sector.

### 9. OUTLOOK AND 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 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 below:

Surana Industries Limited (SIL) is currently into manufacturing of long products out of its facility at Raichur & Gummidipoondi plants. To bring economies of scale and product diversification, the Company is setting up new facilities through an expansion plan in phases, at Raichur adjacent to the existing plant. As a part of this strategy, the Company is setting up iron ore beneficiation & pelletisation facilities of capacities 1.3 MTPA & 1.2 MTPA respectively. Upon implementation of the Project, SIL would have the following facilities:

Facility	Existing	Expansion	Total
(MTPA)			
<b>A. Raw Material Preparation Unit</b>			
Beneficiation Plant	-	1.30	1.30
Pellet Plant	-	1.20	1.20
<b>B. Iron making Unit</b>			
DRI Plant	0.16	-	0.16
<b>C. Liquid Steel &amp; Semis making Unit</b>			
Electric Arc Furnace	0.25	-	0.25
Billet Caster	0.24	-	0.24
<b>D. Rolling Unit</b>			
Bar Mill	0.40	-	0.40
Oxygen Plant	500 TPD	-	500

The proposed site is located within the Industrial Growth Centre developed by KIADB at Raichur. The connectivity of the site to the key logistic/raw material/utility centres has been tabulated below:

Connectivity	Details
Rail	Nearest Railway station is Yeramaras on Guntakal – Wadi section of South Central Railway, at a distance of 7 Km from plant site. SPL is in possession of 42 acres of land near the railway station for setting up railway siding. SIL will enter into MOU with SPL to use railway siding.
Road	NH 7 is located at a distance of about 120 Km from the plant site. Nearest state highway SH 13 is about 1.5 Km from the site.
Airport	Nearest airport is Rajeev Gandhi International Airport, Hyderabad located at a distance of about 151 Km.
Port	Company proposes to utilize the Krishnapatnam port for import of non-coking coal. The port is at a distance of 480 Km from the plant site.
Mines	SIL would purchase iron ore fines from the nearby mines in Bellary-Hospet region. Coal will also be sourced through SPL from Indonesia.
Water	Krishna River is at a distance of 8 km and SIL has obtained GoK approval for drawing 60 MLD of water from the river.
Power	DISCOM grid at Chiksugur having 33 KV sub – station is about 1.5 Km away.

Land is being done through KIADB to the extent of about 99.4 acres for this phase of the Project. Of this area, 32.8 acres is towards green belt and balance 66.6 acres considered for core land development, involving excavation and refilling with suitable soil, landscaping, creation of boundaries, development of internal roads, drainage. The detail land use plan is shown in the table below:

Description	Area in Acres
Main Plant	54.7
Green Belt	32.8
Tail dumps and water reservoir	11.9
<b>Total Land Requirement</b>	<b>99.4</b>

Govt. of Karnataka vide Gazette Notification in 2011 has identified the land parcel for the Project for industrial use.

### 9.1 Project Implementation Schedule:

The facilities for beneficiation and pelletisation would be completed in 24 months.

Key activity-wise implementation schedule for the Project is as follows:

Activities	Commencement	Completion
Land & Site Development	Apr-12	Jul-12
Buildings & Civil Works	Jul-12	May-13
Plant & Machinery		
- Placement of Order	Oct-12	Jan-13
- Delivery at Site	Mar-13	Sep-13
- Erection & Commissioning	May-13	Dec-13
Trail Production	Jan-14	Mar-14
Commercial Production	Apr-14	

## 10 PROJECT COST:

### 10.1 Project Cost Summary:

The total Project cost estimated at ₹.1,253 Crore, would be implemented as enumerated earlier under Project Implementation Schedule. The break-up of the Project cost is as under:

(₹ Crore)	
Particulars	Amount
Land & Site Development*	100
Building & Civil Works	121
Plant & Machinery	861
Contingencies	37
<b>Hard Cost</b>	<b>1119</b>
Preoperative Expenses	17
Interest During Construction	78
Margin Money for Working Capital	39
<b>Total</b>	<b>1253</b>

\*Cost for 280 acres of land has been considered

The cost estimates are based on the TEFR prepared by Mott Mc Donald and as per the tentative prices quoted by major suppliers of equipments. The financing charges have been assumed based on proposed schedule of implementation, financing pattern, financing cost etc.

As stated elsewhere, GoK has given in-principle approval for allotting 280 acre land adjacent to the existing Plant at Raichur. The total land requirement for the current phase of the Project is estimated around 99.40 acres. The site development cost estimated at ₹. 29.74 Crores, includes cost of levelling land and site development, internal roads, fencing, gates, cable trenches, drains and sewers etc.

### 10.2 Means of Finance:

The Project cost estimated at ₹.1253 Crores is proposed to be financed in the debt equity ratio of 1.5:1, details of which are as under :

(₹ Crore)	
Particulars	Amount
<b>Equity</b>	
Promoters/PE Investors	401
Internal accruals	100
<b>Sub Total (A)</b>	<b>501</b>
<b>Debt</b>	
Rupee Term Loan (B)	752
<b>Total (A+B)</b>	<b>1253</b>

#### 10.2.1 Equity infusion by Investors

The Company has among others engaged Sycamore Ventures LLC (Sycamore), New York an existing investor to tie up funding of USD 60 million.

#### 10.2.2 Internal Accruals

The Company has already brought in Rs. 100 Crores from Internal accruals.

#### 10.2.3 Debt:

The Company proposes to raise Rupee Term Loan from domestic banks/financial institutions to part finance the Project to the extent of ₹. 752 Crore. Some institutions / banks have already given in-principle approval and some more are considering their participation.

## 11. 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 Earlier Expansion Programme, as detailed in section 9 above.

### 11.1 Opportunities:

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

Due to 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.

### 11.2 Threat Perception:

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

Similarly, in the case of TMT Bars, there can be good competition from the various producers. Builders and contractors are the ultimate end users of TMT Bars and it is necessary for the Company to put in plan strategic marketing plan for improving the sales.

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.

The main threat perception is linkage of iron ore and coal for which the company has initiated various steps to ensure regular supplies.

Further, in regards to financial implications, there may not be immediate softening 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, it would be difficult for the company

to pass on the entire cost push to the customers by way of increased finished steel prices. 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 company management has been taking requisite measures to overcome various impediments for smooth functioning of the Company.

The Company also undertakes Cold Rolling operations which have been generating cash margin on these products. The Company procures materials mainly from Rashtriya Ispat Nigam Ltd and Steel Authority of India Ltd and after cold rolling, sells the same in the market.

### 11.3 Risk Perception

The following are the key risk areas:

- Quality Maintenance of the End Products.
- Adequate availability of Raw Materials.
- Requisite Power Supply.
- Transport Bottlenecks.
- Step increase in Prices of Inputs.
- Delays in getting return of sanctioned limits from various lenders.
- Statutory Policies.
- Global Recession.

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

### 11.4 INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

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

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

#### **11.5 IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS [IFRS]:**

Your Directors are pleased to state that the International Financial Reporting Standard 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. The effective implementation date has been deferred. However your Company is ready to implement the same once the date is announced.

#### **11.6 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 feed back is also available from the customers. Inventory control is better managed as a result of the implementation of SAP-ERP. Information about SAP-ERP is available online.

#### **11.7 HUMAN RESOURCES:**

The Company is 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. Special attention is given to recruit trained and experienced personnel not only in the production department but also in marketing and finance and accounts.

#### **11.8 ASPIRATIONS OF THE SHAREHOLDERS:**

The Board is acknowledges the excellent support given to the Company by its esteemed shareholders. Their valuable suggestions and guidance have given the company much impetus for undertaking constant review of the Company's working and its growth. Company is complying all the required guidelines given by SEBI in this regard.

#### **11.9 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 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. We also submit that we are taking effective steps to ensure compliance with Clause 49(1A) with regard to Composition of the Board of Directors.

The Company is awaiting Central Government approval for increase in Board Strength beyond 12 Directors.

#### **11.10 DEPOSITORY SYSTEM / DEMATERIALIZATION OF SHARES:**

As indicated in the last Annual Report, the Company has entered into Tripartite Agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (I) Ltd (CSDL) along with Registrars M/s Cameo Corporate Services 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.

#### **12. AUDITORS:**

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

#### **13. COST AUDITORS:**

Pursuant to the directors of the Central Government in compliance with the provisions of Section 233B of the Companies Act, 1956, qualified cost Auditor Shri. Sivasubramanian have been appointed to conduct the cost audit relating to the Steel Products by the Company.

#### **14. ADDITIONAL INFORMATION:**

##### **14.1 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.

##### **14.2 Directors:**

Shri. K.N.Prithviraj and Shri.B.S.Patil, Directors of the Company are eligible to retire by rotation and offer themselves for reappointment.

##### **14.3 Particulars of Employees:**

Particulars of those employees 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 annexed herewith.

##### **14.4 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, 2012 the applicable accounting standards have been strictly followed along with proper explanations and that no material departures have been made from the same.

That the Directors have taken such accounting policies and these have been applied consistently. The estimates and judgments have been reasonableness and prudence so



as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011--2012 and profits of the Company for the year which ended on 31<sup>st</sup> March, 2012. That the Management 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 31<sup>st</sup> March, 2012 on a going concern basis.

#### **15. Acknowledgement**

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 expansion programme. We are also grateful to SBI CAPITAL MARKETS LIMITED for appraising our expansion project and also for syndication of the necessary term loans for the same.

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 show all round diversification of growth.

**ON BEHALF OF THE BOARD,  
For SURANA INDUSTRIES LIMITED**

**DINESHCHAND SURANA  
MANAGING DIRECTOR**

**Place : Chennai - 14.**

**Date: 28<sup>th</sup> May, 2012**

**ANNEXURE TO DIRECTORS' REPORT**

Information pursuant to Sec 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Director) Rules 1988 for the year ended at 31st March 2012.

**A. CONSERVATION OF ENERGY:**

<b>1. ELECTRICITY</b>	<b>2011-12</b>	<b>2010-11</b>
	<b>(Amount in Rs.)</b>	
Purchased		
a) Total units consumed	1,71,92,090	1,40,71,058
b) Total Amount (Rs.)	10,62,31,211	1,12,514,460
c) Rate per unit (Rs.)	6.18	8.00
<b>Own Generation (Units)</b>	<b>-</b>	<b>42,981,764</b>
<b>2 FURNACE OIL</b>		
a) Total Consumption(Its)	4,63,824	400,615
b) Total Amount(Rs.)	1,52,52,368	10,068,557
c) Rate per Litre(Rs.)	32.88	25.13
<b>3 COAL</b>		
a) Total Consumption(Tonnes)	29,021.97	6,465.340
b) Total Amount(Rs.)	16,09,76,126	34,979,414
c) Rate per Tonne (Rs.)	5,546.69	5,410.29

**NOTES :**

**A.** Total amount of electricity charges paid includes demand charges, belated payment charges, peak hour charges and meter rent.

**B.** Research and development NIL

**C.** Technology Absorption NIL

**D.** Foreign Exchange Earnings and Expenditure

	<b>2011 -12</b>	<b>2010-11</b>
	<b>(Amount in Rs.)</b>	
Earnings		
Export of goods	-	-
<b>Expenditure</b>		
Travel Expenditure	7,44,056	3,288,050
Interest on FCCB Loan	24,554,302	23,042,969
Import Material	14,25,01,691	96,968,172

For and on behalf of the Board  
**For SURANA INDUSTRIES LIMITED**

Place: Chennai  
Date: 28.05.2012

**DINESHCHAND SURANA**  
**MANAGING DIRECTOR**

**ANNEXURE TO DIRECTORS' REPORT**

Information as per Sec 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2012

Name	Designation	Age	Gross Rs.	Net Rs.	Qualification	Experi-ence	Last employment held	Commencement of employment
R.K. Chouhan	Chief Executive Officer	62	1,00,00,000	7,869,876	B.E., (Mech)	37	Abul Khair Group Bangladesh	Sep. 2010

**NOTES :**

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

**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 expanding its capacities and becoming globally competitive in its business. The basic philosophy of corporate governance in your company has been to achieve business excellence, to enhance shareholder value keeping in view the needs and interest of all its stakeholders. Surana Industries Limited believes that good governance stems from the culture and mindset of the organization and generates goodwill among business partners, customers, investors and earns respect from society at large. Your Company is committed to the principles of good governance. The Company's policy is reflected by the very values of transparency, professionalism and accountability. The Company constantly strives towards betterment of these aspects. The Company also endeavors to enhance long-term shareholder value. Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd(BSE), National Stock Exchange of India Ltd (NSE) & Madras Stock Exchange Ltd (MSE), 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 Directors as are liable to retire by rotation, if eligible, generally offer themselves for re-election, in accordance with the provisions of Section 256 and 257 of the Companies Act 1956 and that of the Articles of Association of the Company.

**b) Composition and Category of the Board:**

Surana Industries Limited is managed by the Board of Directors which formulates strategies, policies and procedures and reviews its performance periodically. The strength of your Company's Board is 12 (Twelve) Directors as on 31<sup>st</sup> March 2012, out of which five Directors are Non Executive Directors, and the remaining seven are Executive Directors. The Company's policy is to maintain an optimum combination of Executive & Non-Executive Directors.

The seven Executive Directors are the Chairman, the Managing Director and five wholtime Directors who are in whole time employment of the Company. They are actively involved in the day to day functioning of the organization and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company.

Category	Name	Age Qualification	Designation / Induction in Board / Nature of Directorship	Brief Profile
Promoter Director	Shri. G.R. Surana	60 Years Secondary Certificate	Chairman; April 1, 2004 (Promoter Director)	Shri. 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 the steady growth of the company.
	Shri. Dineshchand Surana	47 Years B. Pharm.	Managing Director; August 5, 2000 (Promoter Director)	Shri. 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 expertise in steel making processes.

Category	Name	Age Qualification	Designation / Induction in Board / Nature of Directorship	Brief Profile
	Shri. Rajesh Surana	38 years Commerce Graduate	Executive Director March 26, 2012	Shri. Rajesh Surana is the Director commercial of the Company. Having more than 19 years of diversified operational experience including Purchase Management, Production Management, Marketing Management and Import/Export Management. He is currently looking after the entire operation of Company's Steel Manufacturing Plant at Gummidipoondi.
	Shri. Rajiv Surana	32 years B.E., Master of International Business	Executive Director March 26, 2012	Shri. Rajiv Surana is the Executive Director of the company. Having more than 7 years experience in the Iron & Steel Business and has diversified experience in Projects & Steel operation activities. He is currently looking after the Backward integration project of setting up the Benefication & Pelletisation plant at Raichur and also manages the corporate affairs of the Company. Execution of the 0.3 MTPA Steel plant at Raichur was also assigned to him.
Executive Directors	Shri. V.M.Swami	72 years M.com, LLB, CAIIB	Wholetime Director August 5, 2000	Shri.VM.Swami is the Whole time Director of the Company. Having worked with Allahabad Bank for 42 years, he retired as the General Manager of the Bank. He held temporary charge as the Chairman & Managing Director of the Bank. During his career with Allahabad Bank, he underwent extensive training in Germany and USA in the field of international Banking.
	Shri. Krishna Udupa	60 Years M.Sc, CAIIB	Director-Projects; October 29, 2002	Shri. 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.
	Shri. V. Aranganathan	45 Years B.Com., FCA	Director (Finance & Accounts); May 2, 2008	Shri. V. Aranganathan 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.
Independent Directors	Dr. S.K. Gupta	74 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 of India and Ministry of Steel.
	Dr. B. Samal	70 Years M.Sc., Ph.D.	Independent Director May 15, 2006	Dr. B.Samal was the Chairaman and Managing Director of Allahabad 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.

Category	Name	Age Qualification	Designation / Induction in Board / Nature of Directorship	Brief Profile
	Shri. K.N. Prithviraj	66 Years M.A., CAIIB	Independent Director	Shri. 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.
	Shri. B.S. Patil	67 Years B.A., I.A.S. (Retd)	Independent Director Oct 30, 2009	Shri. B.S. Patil has served as the Chief Secretary to Govt. of Karnataka. He has also headed KSFC & KSIIDC 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.
Nominee Director	Shri. Biju George	45 Years B. Tech, MBA	Nominee Director IDBI; July 26, 2008	Shri. 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.

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 on the Board is a Member on more than 10 Committees. Necessary disclosures have been made by the Directors in this regard. The number of independent directors is less than that prescribed under Clause 49 of the Listing Agreement. The Company is however taking necessary steps to ensure compliance with the Clause 49 of the listing Agreement pertaining to composition of directors.

**c) Board Meetings, Committee Meetings and Procedures:**

The Board of Directors oversees the entire functioning and operations of the Company. They evaluate performance

of the Company and provide direction and guidance to the Company for undertaking the business of the Company in accordance with its Corporate Goals and Statutory Requirements. They also give valuable advice and monitor that the Management Policies and their effectiveness and ensures that the long term interests of the shareholders are being served. The Managing Director is being assisted by the other Whole Time Directors, Executive Directors and other Senior Management Staff and Officers 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 etc. The Board constitutes additional functional committees from time to time depending upon the necessities.

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 is decided on the first Board Meeting of the Company in the financial year itself.

The Board Meetings are usually held at the Corporate Head Office at Chennai. At times the meetings are held in factories of the Company viz at Gummidipoondi or at Raichur.

The Board/Committee meetings are conducted as per well-defined procedures and systems. The information placed before the Board includes

- Annual Operating Plans,
- Capital Budgets and 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 Performance
- Noting of the proceedings of the Meeting of Audit committee and other Committees of the Board and other items as mentioned under Clause 49 of the Listing Agreement.
- Detailed analysis on the Steel Market Position and Economic Scenario

#### **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:**

Board Meeting Minutes are recorded immediately after the Board Meetings are over and these are sent to the Directors in draft form for their approval. Any changes suggested by them in the draft are incorporated and then final minutes are 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 Meeting. An Action Taken Report is prepared and circulated to the Board in the next 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 Companies Act, SEBI Regulations and guidelines from other statutory bodies.

#### **d) Attendance of each Director at the Board of Directors' meetings held during 2011 - 2012 and at the last Annual General meeting:**

During the year 2011-2012, the Board met 8 (Eight) times on 23.4.2011, 03.05.2011, 10.6.2011, 21.06.2011, 23.07.2011, 28.10.2011, 31.01.2012, 26.03.2012. The Annual General Meeting for the financial year ended 31.03.2011 was held on 10<sup>th</sup> June, 2011.

Particulars of attendance of Directors at the Board Meetings and at the last Annual General Meeting and the number of memberships held by the directors in the Boards of other companies and memberships/chairmanships held by them across the committees of all the companies for the year 2011 - 2012 are furnished in the table given below:

Name of Directors	Category	Attendance particulars		Number of Directorships and committee memberships/chairmanships.		
		Board Meeting	Last AGM	Other directorships/ Chairmanship	Committee Memberships	Committee Chairmanships
Shri.G.R.Surana	Promoter Executive	6	Yes	3	Nil	Nil
Shri.Dineshchand Surana	Promoter Executive	8	Yes	6	1	Nil
Shri.V.M.Swami	Executive	8	Yes	2	2	Nil
Shri.Krishna Udupa	Executive	5	Yes	Nil	2	1
Dr.B.Samal	Independent Non-Executive	6	Yes	14	2	3
Dr.S.K.Gupta	Independent Non-Executive	4	No	6	-	Nil
Shri.K.N. Prithviraj	Independent Non-Executive	4	Yes	9	1	Nil
Shri.K.Biju George	Independent Non-Executive Nominee Director	6	No	Nil	Nil	Nil
Shri.V.Aranganathan	Executive*	8	Yes	Nil	Nil	Nil
Shri.B.S.Patil	Independent Non-Executive Director	5	Yes	Nil	Nil	Nil

\* Appointed as Director (Finance & Accounts) with effect from 03.05.2011.

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

**Details of Directors seeking appointment / re-appointment in the 21<sup>st</sup> Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)**

1] Name: **Shri. K.N. Prithviraj**

Age :64 years

Qualification: M.A., CAIIB

Present Position : Independent Director

Experience: He has 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 42 years in the banking industry.

2] Name : **Shri. B. S. Patil**

Age :67 years

Qualification : B.A. I.A.S (Retd.)

Present Position : Independent Director

Experience : He 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 41 years in administrative services.

**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 Section 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.

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

- Financial performance of the Company
- Payment of dues to Institutions, both interest and principal
- Payment of Government dues, such as customs duties, excise duties, sales tax, income tax, etc.
- Inter-Corporate Investments
- Policies relating to award of contracts, purchase and sale of raw materials, finished goods, etc.
- Overview of different items of expenditure incurred by the Company, with particular reference to whether they are extravagant or lavish and whether any diversion of funds, not directly relating to the affairs of the Company, has taken place and to do such other acts, deeds or things, as may be necessary from time to time, to fulfill the objectives aforementioned.

The Audit Committee was re-constituted on 27.01.2007. The present Audit Committee consists of the following members.

- Dr.B.Samal - Chairman, Independent Director  
Shri. K.N.Prithviraj - Member, Independent Director  
Shri. Krishna Udupa - Member, Executive Director

The Audit Committee met 4 times during the year under review i.e. 02.05.2011, 23.07.2011, 28.12.2011 and 30.01.2012. All the members of the Committee attended all the meetings.

The Chairman of the Audit Committee has attended the last Annual General Meeting held on 10.06.2011

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

The company has a Share Transfer Committee and Investor Grievance Committee to specifically look into matter 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.

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

During the year ended 31<sup>st</sup> March, 2012 the Share Transfer Committee met 6 times during the year under review i.e. 30.04.2011, 15.06.2011, 16.08.2011, 31.10.2011, 30.12.2011 and 15.03.2012 and approved Share Transfers (both Physical and Demat) and splitting /transmission of shares

Investor Grievance Committee meets as and when required to resolve pending complaints.

The Investor Grievance Committee met on 26<sup>th</sup> March 2012 and took note of the complaints received during the year.

All requests for dematerialization of shares were carried out within the stipulated time and no case was pending as on 31<sup>st</sup> March 2012.

## 5. REMUNERATION COMMITTEE:

The Company has a Committee of Directors (Remuneration), to consider and fix the remuneration payable to the Managing Director/Whole time Director. The 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 the following members.

The Committee comprises of three Directors, viz., Dr. S.K.Gupta, Shri. K. N.Prithviraj and Shri. Dineshchand Surana. One meeting was held during the year on 31.01.12.

### Executive Directors:

Name	Salary (Rs.in lakhs)	Perquisites and Allowances
Shri. G.R. Surana	36.00	Company's contribution to PF, Bonus Gratuity, Medical, leave encashment, LTC, telephone charges, Car with driver.
Shri.Dineshchand Surana Managing Director	36.00	
Shri.V.M.Swami Wholetime Director	31.75	
Shri.Krishna Udupa Wholetime Director	21.00	
Shri.V.Aranganathan	25.40	
Shri. Rajesh Surana	12.00	
Shri.Rajiv Surana	12.00	

### Non-Executive Directors:

The company pays sitting fees of Rs.10,000/- to the Non-Executive Directors for each of the Board Meetings and conveyance is reimbursed on actual incurred.

## 6. GENERAL BODY MEETINGS:

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

Year	Location	Day / Date	Time
2008-2009	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai 600 017	04.07.2009 Saturday	12 Noon
2009-2010	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai 600 017	10.06.2010 Thursday	12 Noon
2010-2011	GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai 600 017	10.06.2011 Thursday	10.15 A.M.

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

### c. Postal ballot:

During the financial year 2011-2012, 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. Postal Ballot Notice dated 06-04-2011. The resolutions were relating to :

#### Item 1

Appointment of Shri. Rajesh Surana as Executive Director of the company.

#### Item 2

Appointment of Shri. Mahaveer Surana as President Finance of the Company.

#### Item 3

Appointment of Shri Deepak Surana as Senior Vice President, Marketing of the Company.

The postal ballot notice was sent to each shareholder as on the cut off date decided. The Board appointed Mr. S.Ganesh

of M/s. S.Ganesh & Associates, Practising 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 28<sup>th</sup> May, 2011 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	43
No of invalid postal ballot forms received	3

Item No	Votes cast in favour	Votes cast against
Item No 1,2,3	15,033,476	510

Postal Ballot Notice dated 26<sup>th</sup> March, 2012

**Item 1** Amendment of articles of association pursuant to section 31 of the Companies Act, 1956.

**Item 2** Approval for increase in number of directors from 12 to 16 pursuant to section 258 & 259 of the Companies Act, 1956.

**Item 3** Appointment of Shri. Rajesh Surana, as the Director of the Company pursuant to Section 257 of the Companies Act, 1956.

**Item 4** Appointment of Shri. Rajiv Surana, as the Director of the Company pursuant to Section 257 of the Companies Act, 1956

**Item 5** Appointment of Shri. Rajesh Surana as the Wholtime Director of th Company pursuant to Section 198, 269, 309, 310, 311 & 314 of the Companies Act, 1956.

**Item 6** Appointment of Shri. Rajiv Surana as the Wholtime Director of the Company pursuant to Section 198, 269, 309, 310, 311 of the Companies Act, 1956.

The postal ballot notice was sent to each shareholder as on the cut off date decided. The Board appointed Mr. S.Ganesh of M/s. S.Ganesh & Associates, Practising 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 26<sup>th</sup> March, 2012 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	44
No of invalid postal ballot forms received	8

Item No	Votes cast in favour	Votes cast against
Item No 1	176,840,426	2010
Item No 5	17,682,351	2010

**Special resolutions passed during the last three Annual General Meetings:**

1. At the 18<sup>th</sup> Annual General Meeting held on 4<sup>th</sup> July 2009, no special resolutions were passed.
2. At the 19<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> June 2010, no special resolutions were passed.
3. At the 20<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> June 2011, no special resolutions were passed.

**Special Resolutions passed during the Extra-ordinary General Meetings:**

No extra ordinary general meetings were held during the years 2009- 2010, 2010-11, 2011-12.

**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

- a) The quarterly, Half Yearly and Annual Results of the Company are sent 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 2011-2012 were published as per details given below:

Quarter 2011-2012	Date of Board Meeting	Date of Publication	Name of the News Papers
1st Quarter	23.07.11	24.07.11	Trinity Mirror & Makkalkural
2nd Quarter	28.10.11	01.11.11	-do-
3rd Quarter	31.01.12	01.02.12	-do-

### b. 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.

The company's website address is [www.suranaind.com](http://www.suranaind.com)

- c. As required under Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is annexed to the annual report.

## 9. GENERAL SHAREHOLDERS' INFORMATION:

### 9.1 Annual General Meeting

**Date and Time :** 10<sup>th</sup> July 2012, at 10.30 A.M

**Venue :** GRT Grand, No 120, Thyagaraya Road, T.Nagar, Chennai – 600017.

### 9.2 Financial Calendar Year

**Financial Year: 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013**

### Quarterly Results:

Financial Reporting for the Quarter ending	Tentative Dates
30 <sup>th</sup> June 2012	3 <sup>rd</sup> week of July, 2012
30 <sup>th</sup> September 2012	4 <sup>th</sup> week of October, 2012
31 <sup>st</sup> December 2012	5 <sup>th</sup> Week of January 2012
31 <sup>st</sup> March 2013	2 <sup>nd</sup> week of May 2013

### 9.3 Period of Book Closure:

The Register of Members will be closed from 6<sup>th</sup> July 2012 to 10<sup>th</sup> July 2012 (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 Limited (NSE) (w.e.f 28.12.2006) Exchange Plaza, Plot C1 G Block Bandra-Kurla Complex Bandra (E) Mumbai - 400 051	SURANAIND
c. Madras Stock Exchange Limited (MSE) Exchange Building # 11, Second Line Beach, Chennai 600 001	SURANAIND

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

The FCCB's are Listed on the Luxembourg Stock Exchange.  
**ISIN Code/Trading Code: XS0291525276**

**9.5 Listing fees:**

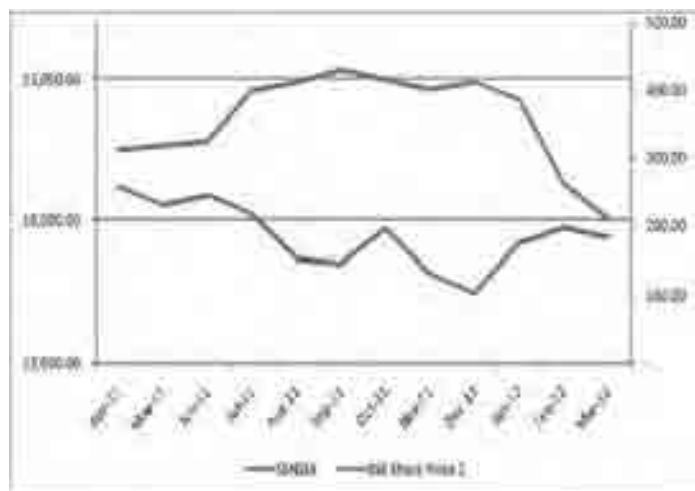
Annual Listing fees for the year 2011-12 have been duly paid to all the above stock exchanges.

**9.6 Stock market data:**

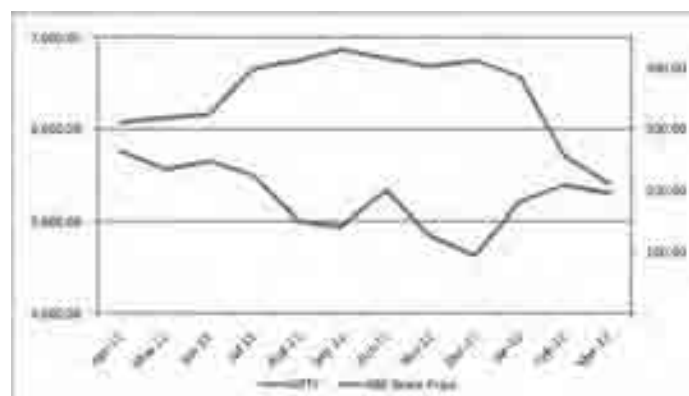
Month	Bombay Stock Exchange Limited(BSE) (Rs.)			National Stock Exchange of India Limited (NSE) (Rs.)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
April ,2011	329.90	280.00	237657	320.00	292.10	62348
May,2011	329.85	305.00	23824	321.50	312.50	30257
June,2011	337.90	310.00	78482	333.90	314.35	88437
July,2011	405.05	324.10	130381	398.00	327.60	107638
August,2011	430.05	395.50	164486	412.45	402.85	168275
September,2011	441.00	409.00	211836	440.65	414.25	181677
October,2011	441.50	351.30	168501	428.35	405.70	178178
November,2011	415.00	360.00	116611	405.75	384.20	134322
December,2011	420.00	380.00	202542	411.60	391.60	206940
January,2012	448.00	378.10	356707	443.35	384.60	365225
February,2012	391.00	223.00	114488	389.45	234.10	106020
March,2012	270.80	198.00	27298	197.80	257.40	15357

**9.7 Share price performance in comparison to broad based indices**

**9.7.1 With BSE NIFTY Sensex :**



**9.7.2 With NSE - NIFTY :**



**9.8 Share Transfer System:**

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

**Registrar and Share Transfer Agent:**

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

**9.9 Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

Shareholding (Range)	Number of share holders	%	Total Shares	%
Upto 500	1471	84.89	146832	0.51
501 - 1000	67	3.86	54024	0.19
1001 - 2000	44	2.53	68354	0.24
2001 - 3000	42	2.43	108745	0.37
3001 - 4000	23	1.33	79504	0.27
4001 - 5000	14	0.80	64706	0.22
5001 - 10000	23	1.33	167224	0.57
10001 & above	49	2.83	28355233	97.63
Total	1733	100	29044622	100

### 9.10 Shareholding pattern as on 31<sup>st</sup> March, 2012:

Category	No. of share holders	No. of shares held	% to total
Promoters, Directors and their relatives	17	20307502	69.92
Non-Resident Indians.	35	1864659	6.42
Hindu Undivided family	58	72091	0.25
Insurance Companies	0	0	0
Foreign Institutional Investors.	5	1537899	5.29
Bodies Corporate	116	1828146	6.29
Foreign Corporate Bodies	2	2594622	8.94
Individuals	1494	833138	2.87
Mutual Fund	0	0	0
Clearing Members	6	6565	0.02
<b>Total</b>	<b>1733</b>	<b>29044622</b>	<b>100</b>

### 9.11 Dematerialisation of shares as on 31<sup>st</sup> March, 2012

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	231755	0.80
NSDL	26790407	92.24
CDSL	2022460	6.96
<b>Total</b>	<b>29044622</b>	<b>100</b>

### 9.12 Secretarial Audit:

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

### 9.13 Plant Locations:

#### Factory:

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

### Works:

1. No.30, G N T Road, Madhavaram, Chennai-600110.
2. No. 144, Kondakarai (NTPC) Road, Ponneri Taluk, Chennai - 600 120.
3. "Anugraha" No.6, 2nd Main Road, Behind Govt. School, Byalarayanapura, Mysore Road, Bangalore - 560 026.

### 9.14. Address for Correspondence:

#### Registered cum Corporate office:

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

Tel :044-28525127(3 lines)

Fax :044-28521143

e-mail :surana@suraind.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.suraind.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.)
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
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	03.08.2016	02.08.2016	1,47,598.50
2009-2010	10.06.2010	17.07.2010	16.07.2017	17.07.2017	2,94,061.50
2010-2011	10.06.2011	17.07.2011	16.07.2018	17.07.2018	3,04,534.80

## 12. FOREIGN CURRENCY CONVERTIBLE BONDS:

As reported to the Shareholders earlier, the Company issued Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 25 Million in June and December 2007. These Bonds are convertible into equity shares at the rate of Rs.136.21/- per share. These are convertible/ due for redemption on or before 20th June, 2012. The Bonds carry an interest rate of 2% per annum and are listed on the Luxembourg Stock Exchange. These funds were subscribed by overseas investors. These funds were utilized by the Company for our New Project Integrated Steel Complex, in Raichur.

The company has based on request received from the Bond holder converted US \$ 5 Million FCCB on 19th January 2012 into 18,94,622 equity shares and US \$ 10 Million FCCB on 20th April 2012 into 38,66,792 equity shares of Rs.10/- each fully paid up, in accordance with the terms of the issue. Consequent to the Conversion the paid up share capital of the Company is now at 32,91,14,140. The Balance US\$ 10 Million FCCB is currently outstanding.

## 13. DECLARATION ON COMPLIANCE OF COMPANY CODE OF CONDUCT

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

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

All the members of the Board and Senior Management personnel of the company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance during the year ended March 31, 2012.

For and On Behalf of the Board

**SURANA INDUSTRIES LIMITED**

**Sd/-  
DINESHCHAND SURANA  
MANAGING DIRECTOR**

Place : Chennai  
Date : 28-05-2012

## CEO/CFO CERTIFICATE

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

We hereby certify that

a) We have reviewed the profit and loss statement ,cash flow statement of Surana Industries Limited('The Company') for the year ended March 31,2012 and the Balance sheet of the Company as at March 31,2012 and to the best of our knowledge and belief:

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

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

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

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

d) We also certify that we have indicated to the Auditors and the Audit Committee

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

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

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

Signed

**DINESHCHAND SURANA**  
MANAGING DIRECTOR

Dated: 28-05-2012

Signed

**V.M.SWAMI**  
WHOLETIME DIRECTOR

Dated: 28-05-2012

**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 2012, 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
- (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: 28.05.2012

**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 LIMITED**

(Amount in Rs)

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

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

(i) (a) The Company is maintaining proper records which is being updated showing full particulars including quantitative details and situation of fixed assets.

(b) Fixed Assets have not been physically verified during the year by the Management. The management is in the process of preparing a programme for verification of all the fixed assets at reasonable intervals.

(c) During the Year, the company has not disposed of substantial part of Plant and Machinery.

(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) (a) The company has granted loans to his subsidiary's M/s. Surana Power Limited, M/s. Surana Green Power Limited, M/s. Surana Mines & Minerals Limited covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year balance of loans granted to such parties was

- |    |                              |   |             |
|----|------------------------------|---|-------------|
| 1. | Surana Power Ltd             | - | 5,03,83,872 |
| 2. | Surana Green Power Ltd.      | - | 4,58,68,937 |
| 3. | Surana Mines & Minerals Ltd. | - | 54,29,645   |

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.

(c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company.

(d) There is no overdue amount in excess of Rs. 5,00,000 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The company had taken loan from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 20 crores and the year-end balance of loans taken from such parties was Rs. NIL.

(f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

(g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

(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)** (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (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.
- (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, 2012 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 cess which have not been deposited as on 31st March, 2012 on account of any dispute.

Name of the Statute (Nature of the Dues)	Period to which the amount relates	Forum where matter is pending	Amount
<b>Excise Department</b>			
Compounded levy demanded by the Dept., from Sept.97 to Mar '00 under Rule 5 of Hot Re-rolling Steel Mills annual capacity Determination (amendment rule 1997)	1997 - 2000	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, Commissionerte 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, Commissionerte II, Chennai	Rs.5,03,59,737/-
Detention of Material	2010	Commissioner of Central Excise, Commissionerte I, Chennai	Rs.1,50,00,000/-
Reversal of Cenvat Credit	2011	CESTAT Bangalore	Rs.11,76,32,904/-
<b>Customs Department</b>			
Penalty levied by DRI Intelligence	2000 - 2003	Hon'ble High Court, Chennai	Rs.1,00,00,000/-
Misclassification of material	2005 - 2006	Hon'ble Supreme Court	Rs.1,38,29,000/-
<b>Income Tax Department</b>			
Disallowances of lease rental paid to NBFCs	1995 – 1996 to 1997 – 1998	Won the case before ITAT, pending before the assessing officer for revision order	Rs.66,50,190 (Paid Rs.32,31,967 during the year 2006 – 2007)
<b>Sales Tax Department</b>			
Reversal of Input VAT credit on sales made to SEZ developers	2010-11	Writ is being filed before Hon'ble Madras High court	Rs. 4,03,12,000

- (x) The Company does not have any accumulated losses and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) In our opinion and according to information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions.
- (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.
- (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 to the Parties / Companies covered under the register maintained 301 of the Companies act.

(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

Place : Chennai

Dated : 28<sup>th</sup> May, 2012

**FOR C.S.P JAIN & CO**

**Chartered Accountants**

**C.S.PRITHIVIRAJ JAIN**

**Proprietor**

**Membership No. 11529**

Firm No. 001227S

**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 31.3.2012. 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 Clause 49 of the Listing Agreement. (with regard to subclause (1A), the Company has furnished necessary explanation) regarding Composition of the Board of Directors of the Company.
- b) The following non-mandatory requirements of the said Clause 49:

- Remuneration committee

**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

Dated : 28<sup>th</sup> May, 2012

**BALANCE SHEETS AS ON 31<sup>st</sup> MARCH 2012**

PARTICULARS	NOTE NUMBER	Year ended 31/03/2012	Year ended 31/03/2011
<b>I. EQUITY AND LIABILITIES</b>		(Amount in Rs.)	
<b>1 Shareholders' funds</b>			
(a) Share capital	1	290,446,220	271,500,000
(b) Reserves and surplus	2	5,716,385,117	5,196,702,357
<b>2 Share application money pending allotment</b>		2,500,000,000	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	5,326,998,419	7,050,557,018
(b) Deferred tax liabilities (Net)		612,949,750	500,000,694
(c) Other Long term liabilities	4	594,482,650	309,896,997
<b>4 Current liabilities</b>			
(a) Short-term borrowings	5	3,012,136,134	2,496,991,223
(b) Trade payables	6	2,426,199,583	1,027,704,451
(c) Other current liabilities	7	441,342,289	300,916,275
(c) Short-term provisions	8	170,566,618	144,542,608
<b>Total</b>		<b>21,091,506,780</b>	<b>17,298,811,621</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>	9		
(i) Tangible assets		7,029,594,978	6,062,412,228
(ii) Intangible assets		56,360,093	73,596,150
(iii) Capital work-in-progress		896,360,423	816,503,715
(b) Other non-current assets	10	4,872,279,766	4,872,279,767
<b>2 Current assets</b>			
(a) Inventories	11	2,964,064,271	2,107,578,508
(b) Trade receivables	12	3,955,055,909	2,751,861,748
(c) Cash and cash equivalents	13	16,687,595	50,216,351
(d) Short-term loans and advances	14	1,143,979,097	419,820,017
(e) Other current assets		157,124,649	144,543,137
<b>Total</b>		<b>21,091,506,780</b>	<b>17,298,811,621</b>

(Note 20 is integral part of financial statement)

As per our report of even date attached.

For **C.S.P.JAIN & CO.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

**FOR R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**V.M.SWAMI**

Wholetime Director

**DINESHCHAND SURANA**

Managing Director

**V. ARANGANATHAN**

Director (F&A)

**VENKATRAMAN**

Company Secretary

**PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012**

PARTICULARS	NOTE NUMBER	Year ended 31/03/2012	Year ended 31/03/2011
(Amount in Rs.)			
<b>I. Revenue from operations</b>	15	13,514,245,677	12,230,267,995
<b>II. Other income</b>	16	110,343,196	18,066,244
<b>III. Total Revenue (I + II)</b>		<b>13,624,588,873</b>	<b>12,248,334,239</b>
<b>IV. Expenses:</b>			
<b>Cost of materials consumed</b>		-	-
Raw Materials		11,298,432,707	9,694,126,461
Changes in inventories of finished goods		(378,527,708)	(21,028,280)
Employee benefits expense	17	182,934,189	243,955,792
Finance costs	18	1,030,245,873	822,049,013
Depreciation and amortization expense	9	327,293,816	256,668,336
Other expenses	19	173,905,656	204,902,880
Stores & Consumables		166,470,030	265,914,501
Power & Fuel		376,482,747	274,508,928
<b>Total expenses</b>		<b>13,177,237,310</b>	<b>11,741,097,631</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>447,351,563</b>	<b>507,236,608</b>
<b>VI. Exceptional items</b>		-	37,316,185
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		447,351,563	544,552,793
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit before tax (VII- VIII)</b>		447,351,563	544,552,793
<b>X Tax expense:</b>		<b>119,693,679</b>	<b>(20,906,532)</b>
(1) Current tax		89,504,982	114,072,728
(2) Deferred tax		112,948,736	44,344,740
(3) Mat Credit Entitlement		(82,760,039)	(179,324,000)
<b>XI Profit/(loss) from operations (after tax)</b>		<b>327,657,885</b>	<b>565,459,325</b>
<b>XII Balance Brought Forward From Last Year</b>		1,778,590,046	1,326,474,588
<b>XIII Amount Available for Appropriation</b>		<b>2,106,247,930</b>	<b>1,891,933,913</b>
<b>XIV APPROPRIATION</b>			
(1) Proposed Dividend		34,853,546	48,870,000
(2) Corporate Dividend Tax		5,653,245	7,927,936
(3) General Reserve		32,765,788	56,545,933
<b>XV Balance Carried To Balance Sheet</b>		<b>2,032,975,350</b>	<b>1,778,590,044</b>
<b>XVI Earnings per equity share:</b>			
(1) Basic		11.28	20.83
(2) Diluted		9.37	17.17

(Note 20 is integral part of financial statement)

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.JAIN & CO.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

**FOR R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**V.M.SWAMI**

Wholetime Director

**DINESHCHAND SURANA**

Managing Director

**V. ARANGANATHAN**

Director (F&A)

**VENKATRAMAN**

Company Secretary

**Note 1 - Disclosure pursuant to Note no. 6(A)(a,b & c) of  
Part I of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

SHARE CAPITAL	Year ended 31/03/2012		Year ended 31/03/2011	
	No.	Rs.	No.	Rs.
Authorised Equity Shares of Rs.10 each	70,000,000	7,00,000,000	70,000,000	7,00,000,000
Issued Equity Shares of Rs.10/- each	29,044,622	290,446,220	27,150,000	271,500,000
Subscribed & Paid up Equity Shares of Rs.10/- each fully paid	29,044,622	290,446,220	27,150,000	271,500,000
Subscribed but not fully Paid up Equity Shares of Rs.10/- each, not fully paid up	NIL	NIL	NIL	NIL
<b>Total</b>	<b>29,044,622</b>	<b>290,446,220</b>	<b>27,150,000</b>	<b>271,500,000</b>

**Note 1-A Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956**  
(Following disclosure should be made for each class of Shares)

PARTICULARS	EQUITY SHARES 31.03.2012		EQUITY SHARES 31.03.2011	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	27,150,000	271,500,000	27,150,000	271,500,000
Shares Issued during the year	1,894,622	18,946,220		
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>29,044,622</b>	<b>290,446,220</b>	<b>27,150,000</b>	<b>271,500,000</b>

**Note 1-B Disclosure pursuant to Note no. 6(A)(G) of Part I of Schedule VI to the Companies Act, 1956**  
(if more than 5%)

NAME OF SHAREHOLDERS	Year ended 31/03/2012		Year ended 31/03/2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
G.R.SURANA	2,356,625	8.11	2,356,625	8.68
SHANTILAL SURANA	2,377,008	8.18	2,377,008	8.76
VIJAYRAJ SURANA	2,376,743	8.18	2,376,743	8.75
DINESHCHAND SURANA	2,433,164	8.38	2,433,164	8.96
CHANDANBALA SURANA	2,216,978	7.63	2,216,978	8.17
SARALADEVI SURANA	2,234,978	7.69	2,234,978	8.23
ALKA SURANA	2,182,578	7.51	2,182,578	8.04
VASANTHA SURANA	2,176,578	7.49	2,176,578	8.02
INDIASTAR (MAURITUS) LTD	1,894,622	6.52	-	-

**Note 2 Disclosure pursuant to Note no. 6(B) of Part I of  
Schedule VI to the Companies Act, 1956**

RESERVES & SURPLUS	Year ended 31/03/2012	Year ended 31/03/2011
	(Amount in Rs.)	
<b>a. Capital Reserves</b>		
Opening Balance	92,600,801	92,600,801
(+) Current Year Transfer		
(-) Written Back in Current Year		
<b>Closing Balance</b>	<b>92,600,801</b>	<b>92,600,801</b>
<b>b. Capital Subsidy</b>		
Opening Balance	1,500,000	1,500,000
(+) Current Year Transfer		
(-) Written back in Current Year	1,500,000	
<b>Closing Balance</b>	-	<b>1,500,000</b>
<b>c. Securities Premium Account</b>		
Opening Balance	3,006,378,654	3,006,378,654
Add : Securities premium credited on Share issue	239,120,242	
<b>Closing Balance</b>	<b>3,245,498,896</b>	<b>3,006,378,654</b>
<b>d. Revaluation Reserve</b>		
Opening Balance	77,828,831	84,417,407
(+) Current Year Transfer		
(-) Written back in Current Year	6,588,576	6,588,576
<b>Closing Balance</b>	<b>71,240,255</b>	<b>77,828,831</b>
<b>e. General Reserves (Specify the nature and purpose of each reserve)</b>		
Opening Balance	241,304,027	183,258,094
(+) Current Year Transfer	32,765,788	56,545,933
(-) Written back in Current Year		
<b>Closing Balance</b>	<b>274,069,815</b>	<b>239,804,027</b>
<b>f. Surplus</b>		
Opening balance	1,778,590,046	1,326,474,588
(+) Net Profit/(Net Loss) For the current period	327,657,884	565,459,326
(-) Proposed Dividends	34,853,546	48,870,000
(-) Interim Dividends	5,653,245	7,927,936
(-) Transfer to Reserves	32,765,788	56,545,933
<b>Closing Balance</b>	<b>2,032,975,350</b>	<b>1,778,590,045</b>
<b>Total</b>	<b>5,716,385,117</b>	<b>5,196,702,358</b>



**Note 3 - Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI**  
**to the Companies Act, 1956**

(Amount in Rs.)

<b>LONG TERM BORROWINGS</b>	Year ended 31/03/2012	Year ended 31/03/2011
<b>Secured</b>		
<b>(a) Term loans</b>		
From banks (Secured By Block of Fixed Assets and also Guaranteed by Directors and Promoters)	1,800,528,083	2,156,492,603
From other parties (Loan is Guaranteed by Directors and Promoters they have pledged shares against this loan)	1,575,000,000	1,600,000,000
<b>SubTotal</b>	<b>3,375,528,083</b>	<b>3,756,492,603</b>
<b>Unsecured</b>		
<b>(a) Bonds/debentures</b> *( state in descending order of maturity or conversion, starting from the farthest redemption or conversion date) 2 % Bond out of 25Million USD. 5Million USD Worth of Bonds were converted during the Year 2011-12.  The FCCB are convertible at the option of Bondholders on or before 20/06/2012. Incase bond holders do not exercise the conversion option, the bond amount is repayable in one bullet payment. The bond holders have indicated their intention to convert the bonds, hence it is classified under Long term.	1,051,620,186	1,244,064,415
<b>(b) Deposits</b> (No guarantee is given by the directors)	899,850,150	1,850,000,000
<b>(c) Loans and advances from related parties</b> ICD received from related parties namely M/s. Surana Power Ltd which carries interest @ 13% per annum. <b>Terms of Repayment 36 months</b>	-	200,000,000
<b>Sub Total</b>	<b>1,951,470,336</b>	<b>3,294,064,415</b>
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (b) (e) & (g)		
1. Period of default	NIL	NIL
2. Amount		
<b>Total</b>	<b>5,326,998,419</b>	<b>7,050,557,018</b>

**Note 4 - Disclosure pursuant to Note no. 6 of Part I of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

OTHER LONG TERM LIABILITIES	31/03/2012	31/03/2011
(a) Trade Payables	594,482,651	309,896,997
<b>Total</b>	<b>594,482,651</b>	<b>309,896,997</b>

**Note 5 - Disclosure pursuant to Note no. 5(F) of Part I of Schedule VI to the Companies Act, 1956**

SHORT TERM BORROWINGS	31/03/2012	31/03/2011
<b>Secured</b>		
(a) Loans repayable on demand from banks (Hypothecation of Stocks and receivables. And guaranteed by Promoters and Directors)	3,012,136,134	2,496,991,220
<b>TOTAL</b>	<b>3,012,136,134</b>	<b>2,496,991,220</b>

**Note 6: Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956**

OTHER SHORT TERM LIABILITIES	31/03/2012	31/03/2011
(a) Trade Payables	2,417,149,268	995,487,779
(b) Others Payables	9,050,315	32,216,672
<b>Total</b>	<b>2,426,199,583</b>	<b>1,027,704,451</b>

**Note 7 - Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956**

OTHER CURRENT LIABILITIES	31/03/2012	31/03/2011
(a) Current maturities of long term debt	355,964,520	300,916,275
(a) Interest accrued and due on borrowings	85,377,769	
<b>Total</b>	<b>441,342,289</b>	<b>300,916,275</b>

**Note 8 - Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956**

SHORT TERM PROVISIONS	31/03/2012	31/03/2011
<b>(a) Provision for employee benefits</b>		
Gratuity (Funded)	7,277,283	6,345,516
Leave Encashment (funded)	2,029,484	1,106,528
Bonus	6,491,862	6,219,901
<b>(b) Others (Specify nature)</b>		
Dividend	34,853,546	48,870,000
Current Tax	114,261,197	74,072,727
Dividend Tax	5,653,245	7,927,936
<b>TOTAL</b>	<b>1,70,566,618</b>	<b>144,542,608</b>

**Note 9 - Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i), (ii); Note no. J and Note no. L of Part I of Schedule VI to the Companies Act, 1956**

S. NO	FIXED ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
		BALANCE AS ON 01/04/2011	ADDITON/ DELETION	DELETION	BALANCE AS ON 31/03/2012	BALANCE AS ON 01/04/2011	PROVIDED DURING THE YEAR	ADJUSTMENT DUE TO REVALUATION	OR DISPOSAL	BALANCE AS ON 31/03/2012	BALANCE AS ON 31/03/2011	BALANCE AS ON 31/03/2012
a	<b>Tangible Assets</b>											
	Land	40,255,443	-	-	40,255,443	-	-	-	-	-	40,255,443	40,255,443
	Buildings	4,99,752,250	23,514,739	-	5,23,266,989	40,777,089	101,969	-	-	41,799,058	499,467,931	5,23,266,989
	Plant and Equipment	5,726,480,535	1,329,269,973	(72,710,954)	6,982,039,554	207,949,453	6,264,609	6,336,154	-	214,550,216	7,196,589,770	6,982,039,554
	Furniture and Fixtures	4,374,894	4,087,922	(17,240)	8,445,576	309,041	-	-	-	309,041	8,754,617	8,445,576
	Vehicles	547,344,919	3,380,932	(6,081,789)	544,644,062	60,271,315	-	(1,282,141)	-	59,989,174	604,633,236	544,644,062
	Motorbikes	24,392,775	-	(83,081,211)	4,201,565	-	-	6,456,195	-	6,456,195	10,657,760	4,201,565
	<b>Total</b>	<b>6,785,153,007</b>	<b>1,395,282,626</b>	<b>(99,891,194)</b>	<b>8,080,544,439</b>	<b>309,276,837</b>	<b>5,391,576</b>	<b>16,076,490</b>	<b>-</b>	<b>330,744,903</b>	<b>8,411,289,342</b>	<b>8,080,544,439</b>
b	<b>Intangible Assets</b>											
	Computer software	121,136,080	1,350,662	-	122,486,742	19,596,919	-	-	-	19,596,919	141,883,661	122,486,742
	<b>Total</b>	<b>121,136,080</b>	<b>1,350,662</b>	<b>-</b>	<b>122,486,742</b>	<b>18,566,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,566,919</b>	<b>140,419,860</b>	<b>122,486,742</b>
	<b>Total</b>	<b>6,906,289,087</b>	<b>1,396,633,288</b>	<b>(99,891,194)</b>	<b>8,174,944,480</b>	<b>327,843,756</b>	<b>5,391,576</b>	<b>16,076,490</b>	<b>-</b>	<b>349,311,825</b>	<b>8,524,256,305</b>	<b>8,174,944,480</b>

**Note 10 - Disclosure pursuant to Note no. I (i) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

INVESTMENTS	31/03/2012	31/03/2011
<b>A Trade Investments (Refer A below)</b> (a) Investment in Equity instruments	309,300	309,300
<b>Total (A)</b>	<b>309,300</b>	<b>309,300</b>
<b>B Other Investments (Refer B below)</b> (a) Investments in Subsidiary Companies*	4,871,970,466	4,871,970,467
<b>Total (B)</b>	<b>4,871,970,466</b>	<b>4,871,970,467</b>
<b>Grand Total (A + B)</b>	<b>4,872,279,766</b>	<b>4,872,279,767</b>

**Note 10 - A Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956**

Details of Trade Investments											
(b) No.	Name of the Body/ Corporation	Subsidiary / Associate / Controlled Entity / Other	No. of Shares / Units		Class of Shares / Units	Money paid / Fully paid	Extent of Holding (%)		Whether stated 'at Cost' / Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation	
			2012	2011			2012	2011			
(a)	Investment in Equity Instruments	MFO Gas Ltd PMG	10000 -30	10000 -30	10000 (Equity) -30 (Debt)	1000000 9300	100% 100%	3000000 9300	3000000 3000000	Yes Yes	NA NA
<b>UNDISCOUNTED INVESTMENT IN SUBSIDIARY</b>											
(b) No.	Name of the Body/ Corporation	Subsidiary / Associate / Controlled Entity / Other	No. of Shares / Units		Class of Shares / Units	Money paid / Fully paid	Extent of Holding (%)		Whether stated 'at Cost' / Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation	
			2012	2011			2012	2011			
(a)	Investment in Equity Instruments	Surana Power Ltd Surana Green Power Ltd Surana Mines & Minerals Ltd Urvi Energy Finance Ltd	900000000 380000000 150000000 9000	900000000 380000000 150000000 9000	100000000 100000000 100000000 1000000	100% 100% 100% 100%	3750000000 3800000000 1600000000 9000	3750000000 3800000000 1600000000 9000	Yes Yes Yes Yes	NA NA NA NA	
<b>TOTAL</b>			<b>3750000000</b>	<b>3750000000</b>	<b>100000000</b>	<b>3750000000</b>	<b>100%</b>	<b>3750000000</b>	<b>3750000000</b>		

**Note 11 - Disclosure Pursuant to Note No.O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

<b>INVENTORIES</b>	31/03/2012	31/03/2011
a. Raw Materials and components	1,346,332,738	865,439,533
b. Finished goods	1,135,180,759	756,653,050
c. Stores and spares	482,550,774	485,485,925
<b>TOTAL</b>	<b>2,964,064,271</b>	<b>2,107,578,508</b>

**Note 12 - Disclosure pursuant to Note no.P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956**

<b>TRADE RECEIVABLES</b>	31/03/2012	31/03/2011
Trade receivables outstanding for a period less than six months from the date they are due for payment	8,214,018	9,144,108
Secured, considered good		
Unsecured, considered good	3,946,841,891	2,742,717,640
<b>Total</b>	<b>3,955,055,909</b>	<b>2,751,861,748</b>

**Note 13 - Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956**

<b>CASH &amp; CASH EQUIVALENTS</b>	31/03/2012	31/03/2011
a. Balances with banks	15,821,205	49,344,338
b. Cash on hand	866,389	872,013
<b>Total</b>	<b>16,687,595</b>	<b>50,216,351</b>

**Note 14 - Disclosure pursuant to Note no.R (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956**

<b>SHORT TERM LOANS AND ADVANCES</b>	31/03/2012	31/03/2011
<b>a. Loans and advances to related parties &amp; Others</b>		
Unsecured, considered good	132,533,190	39,952,395
	<b>132,533,190</b>	<b>39,952,395</b>
<b>b. Others (specify nature)</b>		
Unsecured, considered good	1,011,445,907	379,867,662
	<b>1,011,445,907</b>	<b>379,867,662</b>
<b>TOTAL</b>	<b>1,143,979,097</b>	<b>419,820,017</b>

**Note 15- Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

<b>REVENUE FROM OPERATIONS</b>	31/03/2012	31/03/2011
Sale of products (Including Processed Material)	13,514,245,677	12,230,267,995
<b>TOTAL</b>	<b>13,514,245,677</b>	<b>12,230,267,995</b>

**Note 16 - Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956**

<b>OTHER INCOME</b>	31/03/2012	31/03/2011
a) Interest Income (in case of a company other than a finance company)	62,825,912	10,906,307
b) Other non-operating income (net of expenses directly attributable to such income)	47,517,284	7,159,937
<b>Total</b>	<b>110,343,196</b>	<b>18,066,244</b>

**Note 17 - Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956**

<b>EMPLOYEE BENEFITS EXPENSES</b>	31/03/2012	31/03/2011
(a) Salaries and incentives	173,399,820	237,729,760
(b) Contributions to -		
(i) Provident fund	4,627,582	4,500,853
(c) Staff welfare expenses	4,906,787	1,725,179
<b>TOTAL</b>	<b>182,934,189</b>	<b>243,955,792</b>

**Note 18 - Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956**

<b>FINANCIAL COST</b>	31/03/2012	31/03/2011
a) Interest expense	1,007,315,367	744,373,127
b) Other borrowing costs	71,261,284	77,675,886
c) Applicable net gain/loss on foreign currency transactions and translation	(48,330,778)	-
<b>Total</b>	<b>1,030,245,873</b>	<b>822,049,013</b>

**Note 19- Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

<b>OTHER EXPENSES</b>	Year ended 31/03/2012	Year ended 31/03/2011
a) Repair & Maintenance	4,540,344	18,812,579
b) Other Manufacturing Expenses	16,806,852	10,887,715
c) Clearing and Forwarding	4,127,287	8,731,291
d) Commission Paid	1,063,766	4,138,640
e) Transportation & Weighment charges	44,159,137	47,832,076
f) Printing and Stationery	2,167,569	1,917,860
g) Advertisement	2,849,220	2,741,549
h) Electricity Charges	836,172	1,430,346
i) Telephone Charges	3,930,825	4,189,504
j) Rent	11,310,078	8,797,610
k) Rates & Taxes	10,161,197	2,932,536
l) Travelling & Conveyance Exp.	11,652,883	15,407,676
m) Postage & Telegram	469,263	552,862
n) Books & Periodicals	103,392	179,741
o) Professional & Consultancy Exp.	13,651,375	16,250,900
p) Vehicle Maintenance	4,858,374	4,248,031
q) Business Promotion Expenses	3,955,520	4,032,553
r) Audit Fees & Internal Audit Expenses	1,903,110	600,300
s) Office Maintenance	2,041,437	1,728,644
t) Donation	64,450	17,000
u) General Expenses	965,614	7,377,144
v) Insurance Charges	3,166,657	14,147,561
w) Testing Fees	552,016	2,491,094
x) Bad Debts written off	-	7,667,964
y) Legal Charges	801,476	472,770
z) Directors' Remuneration	15,320,000	12,830,000
aa).Sitting Fees	131,000	284,103
ab) Meeting Expenses & AGM Expenses	245,924	1,340,320
ac) Application Fee & Subscription Fee	1,831,339	838,990
ad) Loss on Sale of Asset	10,146,955	2,023,521
<b>Total</b>	<b>173,905,656</b>	<b>204,902,880</b>



**Disclosure pursuant to Note no. 6(T) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in Lakhs)

<b>CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)</b>	Year ended 31/03/2012	Year ended 31/03/2011
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt		
1) Disputed Excise Duty Liability	1905.87*	1905.87*
* 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,Bengalore and is expecting favourable order.		
2) Disputed Income Tax Liability The Hon'ble ITAT has setaside the order of the Assesing Office, The AO is yet to pass the Revision Order	66.50	66.50
3) Customs Duty on import of Scrap The Case is Pending before the Hon'be Supreme Court	138.29	138.29
4) TNVAT The demand aroused due to the levying tax @ 4% on Zero rated sales to SEZ within TN and levied VAT @ 4% on stock transfers from GPD to MDV. Hence we are going for an appeal.	403.12	
(b) Guarantees  Guarantee is Given to Gescom.	202.50	202.50
(c) Other money for which the company is contingently liable		
1) Customs Duty on Import	100.00	100.00
2) Civil Cases	103.00	103.00
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	37.56	-
1) Export Obligation Duty ** 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.	1989.69**	1989.69**
<b>TOTAL</b>	<b>4,543.41</b>	<b>4,505.85</b>

**NOTE : 20 Annexed to and Forming part of the accounts for year ended 31<sup>st</sup> March 2012**

**1. Accounting Policies**

**(a) Basis for Accounting**

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

**(b) Revenue Recognition**

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

**(c) Employee Benefits**

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- (ii) Post employment benefits such as Gratuity, EL encashment are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions.
- (iii) Actuarial gains and losses in respect of post employment benefits are charged to the Profit and Loss Account.

**(d) Fixed Assets**

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

**(e) Depreciation**

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

**(f) Foreign Currency Transactions**

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

**(g) Investments**

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

**(h) Inventories**

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

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

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

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

**(i) Taxes on Income**

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

**(j) Impairment of Assets:**

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

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

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

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

**(l) Earnings Per Share**

Basic Earnings Per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company.

Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company adjusted for share application money pending allotment and outstanding convertible bonds.

**2. DIRECTORS REMUNERATIONS**

(Amount in Rs.)

<b>Salaries And Allowances</b>	<b>2011-12</b>	<b>2010-11</b>
Chairman	39,66,059	37,79,928
Managing Director	41,40,085	37,79,928
Whole Time Director	35,87,422	32,50,000
Director Projects	22,04,958	21,52,000
Director Finance & Accounts	28,69,265	-

**3. AUDITORS' REMUNERATIONS:**

(Amount in Rs.)

	<b>2011-12</b>	<b>2010-11</b>
For Statutory Audit and Tax Audit	6,00,000	6,00,000

**4. SEGMENT REPORTING:**

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

**5. RELATED PARTY DISCLOSURE:**

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

**a. Subsidiaries, step down subsidiaries, associates and joint ventures:**

**Subsidiaries:**

Surana Power Limited  
Surana Green Power Limited  
Surana Mines and Minerals Limited, Singapore  
Uday Energy India Pvt. Ltd.

**b. Step down Subsidiaries:**

1). PT Borneo Mines and Minerals Limited, Indonesia

**c. Key Managerial Persons**

Shri. G.R. Surana	Chairman
Shri. Dineshchand Surana	Managing Director
Shri. V.M. Swami	Whole Time Director
Shri. Krishna Udappa	Director Projects
Shri. V.Aranganathan	Director – Finance & Accounts
Shri. Rajesh Surana	Director - Commercial
Shri. Rajiv Surana	Executive Director

**d. Transactions with Related Parties:**

(Amount in Rs.)

Name Of the Related Party	Nature of Transaction	As at March 2011 - 12	As at March 2010-11
<b>Subsidiaries:</b>			
Surana Power Limited	Sale of Power	29,04,62,900	-
	Purchase of raw materials	9,07,86,328	-
	Reimbursement of expenses		
	vide debit note	3,28,27,876	-
	Interest Paid	1,84,85,923	-
	Loans & Advances Paid	20,00,00,000	-
	Investments	-	1,62,12,35,000
	Advance for investment		
	Purchase of SMML shares	-	53,67,90,036
	Lease Rental paid	-	36,75,00,000
	Advances received	-	20,00,00,000
	Sale of Stores & Consumables	-	9,45,50,342

(Amount in Rs.)

Name Of the Related Party	Nature of Transaction	As at March 2011 - 12	As at March 2010-11
	<b><u>Year –End Balance</u></b>		
	Investments	3,750,000,000	3,750,000,000
	Payables	-	10,45,76,828
	Loans and advances received /Receivable	5,03,83,872	20,00,00,000
<b>Surana Green Power Limited</b>			
	Sale of Windmill	-	70,11,00,000
	Investments made	-	56,15,36,000
	Loan	-	2,19,02,799
	Purchase of Power	3,79,49,997	-
	<b><u>Year –End Balance</u></b>		
	Investments	56,15,36,000	56,15,36,000
	Receivables	4,58,68,937	2,19,02,799
<b>Surana Mines and Minerals Ltd</b>			
	Investments made	-	53,67,90,036
	Advance for investments	-	2,35,44,470
	<b><u>Year –End Balance</u></b>		
	Investments	56,03,34,506	56,03,34,506
	Advance for investments	54,29,645	2,35,44,470
<b><u>Key Managerial Persons:</u></b>			<b>Amount in Rs.</b>
Shri. G.R. Surana	Remuneration	37,79,928	37,79,928
Shri.Dineshchand Surana	Remuneration	37,79,928	37,79,928
Shri. V.M. Swami	Remuneration	34,25,000	32,50,000
Shri. Krishna Udappa	Remuneration	22,04,958	21,52,000
Shri.V.Aranganathan	Remuneration	27,40,000	-
<b><u>Other Key Managerial Persons:</u></b>			
Shri. Rajesh Surana	Remuneration	12,59,976	12,59,976
Shri. Mahaveer Surana	Remuneration	-	12,59,976
Shri. Rajiv Surana	Remuneration	12,59,976	12,59,976
Shri. Deepak Surana	Remuneration	9,59,976	7,59,976

**6. Earnings per Share as required by Accounting Standard (As 20) issued by the Institute of Chartered Accountants of India:**

(Amount in Rs. except per share data)

<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
Profit after Tax	32,76,57,885	56,64,59,325
Number of Equity shares in numbers		
Number of shares	2,90,44,622	2,71,50,000
No of Potential share holders		
- FCCB	76,75,929	90,92,454
Total number of share holding including potential shareholders	3,67,20,551	3,62,42,454
Basic EPS	11.28	20.83
Diluted EPS	9.37	17.17

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

The components of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 are as given below.

Components	2011-2012 (Amount in Rs.)	2010- 2011 (Amount in Rs.)
Deferred Tax Liability		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	75,59,19,710	67,18,77,016
Deferred Tax Asset		
On account of Losses available under the Income Tax Act (B)	14,29,70,281	17,18,76,326
Net Deferred Tax Liability (A) – (B)	61,29,49,429	50,00,00,694
Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax	11,29,48,735	4,43,44,740

**8.** 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.

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

**a. Post retirement Benefit – Gratuity (Unfunded)**

<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
Reconciliation of opening and closing balances of obligation		(Amount in Rs.)
Liability at the beginning of the year	63,45,517	48,68,290
Interest Costs	5,23,505	3,89,463
Current Service Costs	29,04,282	16,84,996
Benefit Paid	(3,52,406)	(97,730)
Actuarial (gain)/Loss on obligation	(21,43,615)	(4,99,503)
Liability at the end of the period	72,77,283	63,45,517

**b. Post retirement Benefit – EL Encashment Unfunded**

	(Amount in Rs.)	
<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	11,06,528	16,03,238
Interest Costs	91,289	1,28,259
Current Service Costs	10,06,818	2,16,026
Benefit Paid	(59,460)	(42,216)
Actuarial (gain)/Loss on obligation	(1,15,690)	(7,98,779)
Liability at the end of the period	20,29,484	11,06,528

**10. Disclosure as per Clause 32 of the Listing Agreement:**

Loans and advances in the nature of loans given to subsidiaries.

Name of the Company : Surana Power Limited

Relationship : Subsidiary

Amount outstanding as on 31/03/2012 : Rs.5,03,83,872 Dr balance

Name of the Company : Surana Green Power Limited

Relationship : Subsidiary

Amount outstanding as on 31/03/2012 : Rs.4,58,68,937 Dr balance

Name of the Company : Surana Mines and Minerals Limited, Singapore

Relationship : Subsidiary

Amount outstanding as on 31/03/2012 : Rs.54,29,645 Dr balance

**11. Foreign Currency Transactions:**

	(Amount in Rs.)	
<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
A. Foreign Exchange Earnings		
FOB Value of Exports	Nil	Nil
Bank interest	Nil	Nil
B. Expenditure on foreign currency		
Import of Raw materials (CIF Value)	14,25,01,691	9,69,68,172
Foreign Travel Expenses	7,44,056	32,88,050
FCCB Interest	2,45,54,302	2,30,42,969

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

**Signatories to Note 20 (1 to 13)**

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As per our report of even date attached.

For **C.S.P.JAIN & CO.,**  
Chartered Accountants

**FOR R.SUBRAMANIAN & COMPANY**  
Chartered Accountants

**G.R. SURANA**  
Chairman

For and on behalf of the Board  
**DINESHCHAND SURANA**  
Managing Director

**C.S.PRITHVIRAJ JAIN**  
Proprietor  
M No. 11529  
Firm No : 001227S

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

**V.M.SWAMI**  
Wholetime Director

**V. ARANGANATHAN**  
Director ( F & A)

Place:Chennai  
Date :28-05-2012

**VENKATRAMAN**  
Company Secretary



**CASHFLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012**

PARTICULARS	Year ended	Year ended
	31/3/12	31/3/11
	(Amount in Rs.)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and Extraordinary Items	447,351,563	544,552,793
Adjustments for :		
Depreciation	327,293,816	256,668,336
Interest Income	62,825,912	10,906,307
Interest Expenses	1,030,245,873	822,049,013
Other Non Cash Expenditure	-	-
Loss on Sale of Asset	10,146,955	2,023,521
Profit on sale of Assets	-	37,316,185
Operating Profit Before Working Capital Changes	1,752,212,295	1,577,071,171
Adjustments for :		
Trade and Other Receivables	1,857,174,714	(825,096,539)
Inventories	856,485,763	301,102,431
Trade Payables	(2,053,918,052)	(313,944,471)
<b>Cash Generated from Operations</b>	<b>1,092,469,870</b>	<b>2,415,009,751</b>
Interest Paid	1,030,245,873	822,049,013
Interest Income	62,825,912	10,906,307
Direct Taxes Paid	54,969,757	115,637,622
Dividend Paid	48,870,000	40,725,000
Cash Flow Before Extraordinary Items	21,210,153	1,447,504,423
Extraordinary Items	-	-
<b>Net Cash from Operating Activities</b>	<b>21,210,153</b>	<b>1,447,504,423</b>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,446,490,492)	(1,984,611,516)
Sale of Assets	72,658,066	701,100,000
Purchase of Investments	-	(2,693,113,466)
<b>Net Cash Used in Investing Activities</b>	<b>(1,373,832,426)</b>	<b>(3,976,624,982)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	258,066,462	(381,382,052)
Proceeds from Long Term Borrowings	1,061,027,055	2,696,010,709
<b>Net Cash Used in Financing Activities</b>	<b>1,319,093,517</b>	<b>2,314,628,657</b>
<b>Net Increase in Cash &amp; Cash Equivalent</b>	<b>(33,528,755)</b>	<b>(214,491,902)</b>
<b>Cash &amp; Cash Equivalent as opening balances</b>	<b>50,216,351</b>	<b>264,708,255</b>
<b>Cash &amp; Cash Equivalent as closing balances</b>	<b>16,687,595</b>	<b>50,216,351</b>
	(33,528,756)	(214,491,904)

For and on behalf of the Board

Place: Chennai  
Date : 28-05-2012

**DINESHCHAND SURANA**  
Managing Director

**AUDITORS' CERTIFICATE**

We have verified the attached cash flow statement of M/s. Surana Industries limited derived from Audited Financial Statements and the Books and records maintained by the Company for years ended 31st March, 2012 and 31st March, 2011 and found the same in agreement therewith.

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As per our report of even date attached.

For **C.S.P.JAIN & CO.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

For **R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**Auditors' Report on Consolidated Financial Statements**

TO THE BOARD OF DIRECTORS OF SURANA INDUSTRIES LIMITED

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, 2012, 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.6162.14 lakhs as at 31st March, 2012, total revenue of (Rs.452.50 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, 2012;
    - (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  
M. No : 11072  
Firm No: 004137S

Place:Chennai  
Date :28-05-2012

**For C.S.P.JAIN & CO.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**  
Proprietor  
M No. 11529  
Firm No : 001227S

**CONSOLIDATED BALANCE SHEETS AS ON 31<sup>st</sup> MARCH 2012**

PARTICULARS	NOTE NO.	Year ended 31/03/2012	Year ended 31/03/2011
<b>I. EQUITY AND LIABILITIES</b>		(Amount in Rs.)	
<b>1 Shareholders' funds</b>			
(a) Share capital	1	290,446,220	271,500,000
(b) Reserves and surplus	2	4,969,365,124	4,421,376,036
(c) Non-Controlling Interest		67,213,451	62,020,869
<b>2 Share application money pending allotment</b>		2,500,000,000	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	14,433,410,462	12,575,357,428
(b) Deferred tax liabilities (Net)		640,924,977	520,906,767
(c) Other Long term liabilities	4	641,583,719	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings	5	3,348,063,626	2,496,991,220
(b) Trade payables	6	4,289,091,140	1,432,468,707
(c) Other current liabilities	7	7,297,191,732	-
(d) Short-term provisions	8	186,699,142	155,379,699
<b>Total</b>		<b>32,096,517,593</b>	<b>21,936,000,726</b>
<b>II. ASSETS</b>			
Non-current assets			
<b>1 (a) Fixed assets</b>	9		
(i) Tangible assets		9,558,460,266	8,547,580,086
(ii) Intangible assets		148,363,836	74,045,802
(iii) Capital work-in-progress		10,262,675,134	6,447,629,842
(b) Deferred tax assets (net)		19,388,252	
(c) Other non-current assets	10	409,260	409,260
<b>2 Current assets</b>			
(a) Inventories	11	3,074,033,770	2,212,506,105
(b) Trade receivables	12	4,729,250,628	2,760,834,749
(c) Cash and cash equivalents	13	453,292,464	570,009,475
(d) Short-term loans and advances	14	3,691,454,811	1,142,274,188
(e) Other current assets		159,189,173	180,711,219
<b>Total</b>		<b>32,096,517,593</b>	<b>21,936,000,726</b>

(Note 20 is Integral part of financial statement)

As per our report of even date attached.

For **C.S.P.JAIN & CO.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

For **R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**V.M.SWAMI**

Wholetime Director

**DINESHCHAND SURANA**

Managing Director

**V. ARANGANATHAN**

Director (F&A)

**VENKATRAMAN**

Company Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012**

PARTICULARS	SCH. NUMBER	Year ended 31/03/2012	Year ended 31/03/2011
		(Amount in Rs.)	
I. Revenue from operations	15	13,559,536,668	12,139,354,204
II. Other income	16	117,637,366	46,855,592
III. Total Revenue (I + II)		<b>13,677,174,033</b>	<b>12,186,209,796</b>
IV. Expenses:			
Cost of materials consumed			-
Raw Materials		11,287,496,525	9,326,540,096
Changes in inventories of finished goods		(251,097,773)	(31,405,536)
Employee benefits expense	17	201,503,125	262,675,888
Finance costs	18	1,105,476,490	1,027,842,433
Depreciation and amortization expense	9	391,189,845	373,395,919
Other expenses	19	250,387,436	245,417,519
Stores & Consumables		166,470,030	177,361,245
Power & Fuel		163,522,938	274,508,928
Total expenses		<b>13,314,948,616</b>	<b>11,656,336,492</b>
V. Profit before exceptional and extraordinary items and tax (III-IV)		362,225,417	529,873,304
VI. Exceptional items		55,876,950	-
VII. Profit before extraordinary items and tax (V - VI)		418,102,367	529,873,304
VIII. Profit before tax (VII- VIII)		418,102,367	529,873,304
X Tax expense:		107,615,833	1,072,582
(1) Current tax		92,706,397	124,447,119
(2) Deferred tax		100,629,637	65,250,814
(3) Mat Credit Entitlement		(85,720,201)	(188,625,351)
X Profit/(loss) from operations (after tax)		310,486,534	528,800,722
XI Balance Brought Forward From Last Year		1,115,322,391	695,934,857
XII Amount Available for Appropriation		1,425,808,926	1,224,735,579
XIII Share of Minority Interest			(3,930,681)
XIV APPROPRIATION			
(1) Proposed Dividend		34,853,546	48,870,000
(2) Corporate Dividend Tax		5,653,245	7,927,936
(3) General Reserve		32,765,788	56,545,933
XV Balance Carried To Balance Sheet		1,352,536,346	1,115,322,391
XVI Earnings per equity share:			
(1) Basic		10.69	19.48
(2) Diluted		8.96	16.16

(Note 20 is Integral part of financial statement)

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.JAIN & CO.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

For **R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**V.M.SWAMI**

Wholetime Director

**DINESHCHAND SURANA**

Managing Director

**V. ARANGANATHAN**

Director (F&A)

**VENKATRAMAN**

Company Secretary

**Consolidated Note 1 - Disclosure pursuant to Note no. 6(A)(a,b & c) of  
Part I of Schedule VI to the Companies Act, 1956**

SHARE CAPITAL	Year ended 31/03/2012		Year ended 31/03/2010	
	No.	Value	No.	Value
<b>Authorised</b> Equity Shares of Rs.10 each	70,000,000	700,000,000	70,000,000	700,000,000
<b>Issued</b> Equity Shares of Rs.10/- each	29,044,622	290,446,220	27,150,000	271,500,000
<b>Subscribed &amp; Paid up</b> Equity Shares of Rs.10/- each fully paid	29,044,622	290,446,220	27,150,000	271,500,000
<b>Subscribed but not fully Paid up</b> Equity Shares of Rs.10/- each, not fully paid up	NIL	NIL	NIL	NIL
<b>Total</b>	<b>29,044,622</b>	<b>290,446,220</b>	<b>27,150,000</b>	<b>271,500,000</b>

**Consolidated Note 2 Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956**

<b>RESERVES &amp; SURPLUS</b>	Year ended 31/03/2012	Year ended 31/03/2011
	(Amount in Rs.)	
<b>a. Capital Subsidy</b>		
Opening Balance	1,500,000	1,500,000
(+) Current Year Transfer	-	
(-) Written back in Current Year	1,500,000	
Closing Balance	-	<b>1,500,000</b>
<b>b. Securities Premium Account</b>		
Opening Balance	3,006,378,654	3,006,378,654
Add : Securities premium credited on Share issue	239,120,242	-
Closing Balance	<b>3,245,498,896</b>	<b>3,006,378,654</b>
<b>c. Revaluation Reserve</b>		
Opening Balance	77,828,831	84,417,407
(+) Current Year Transfer	-	
(-) Written back in Current Year	6,588,576	6,588,576
Closing Balance	<b>71,240,255</b>	<b>77,828,831</b>
<b>d. General Reserves (Specify the nature and purpose of each reserve)</b>		
Opening Balance	239,804,027	183,258,094
(+) Current Year Transfer	34,265,788	56,545,933
(-) Written back in Current Year	-	
Closing Balance	<b>274,069,815</b>	<b>239,804,027</b>
<b>e. Surplus</b>		
Opening balance	1,115,322,391	695,934,857
(+) Net Profit/(Net Loss) For the current period	310,486,533	528,800,722
(-) Proposed Dividends	34,853,546	48,870,000
(-) Proposed Dividend Tax	5,653,245	7,927,936
(-) Transfer to Reserves	32,765,788	56,545,933
(-) Non-controlling Interest in Subsidiary Loss	(3,789,213)	(3,930,681)
	<b>1,356,325,558</b>	<b>1,115,322,391</b>
<b>f. Foreign Currency Translation Reserve</b>	22,230,600	(19,457,867)
<b>Total</b>	<b>4,969,365,124</b>	<b>4,421,376,036</b>

**Consolidated Note 3 - Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI**  
**to the Companies Act, 1956**

(Amount in Rs.)

<b>LONG TERM BORROWINGS</b>	Year ended 31/03/2012	Year ended 31/03/2011
<b>Secured</b>		
<b>(a) Term loans</b>		
from banks (Secured By Block of Fixed Assets and also Guaranteed by Directors and Promoters)	9,089,040,126	7,839,032,194
from other parties (Loan is Guaranteed by Directors and Promoters they have pledged shares against this loan)	3,392,900,000	1,600,000,000
	<b>12,481,940,126</b>	<b>9,439,032,194</b>
<b>Unsecured</b>		
<b>(a) Bonds/debentures</b>		
*( state in descending order of maturity or conversion, starting from the farthest redemption or conversion date) During the Financial year 2011-12, Out 25 Million USD, 5Million USD worth of Bonds were converted into shares on 19.01.2012  The FCCB are convertible at the option of Bondholders on or before 13/06/2012. In case of non option for conversion the bond amount is repayable at one bulletin payment. As it was informed that they are converting the bonds, hence it is classified under Long term.	1,051,620,186	1,244,064,415
<b>(b) Deposits</b> (No guarantee is given by the directors)	899,850,150	1,850,000,000
<b>(c) Loans and advances from related parties</b> ICD received from related parties namely M/s. Surana Power Ltd which carries interest @ 13% per annum. Terms of Repayment 36 months	-	42,260,819
	<b>1,951,470,336</b>	<b>3,136,325,234</b>
<b>Total</b>	<b>14,433,410,462</b>	<b>12,575,357,428</b>



**Consolidated : Note 4 - Disclosure Pursuant to Note No. 6 of Part I of Schedule VI to the Companies Act, 1956**  
(Amount in Rs.)

<b>OTHER LONG TERM LIABILITIES</b>	31/03/2012	31/03/2011
(a) Trade Payables	641,583,719	-
<b>Total</b>	<b>641,583,719</b>	<b>-</b>

**Note 5 - Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956**

<b>SHORT TERM BORROWINGS</b>	31/03/2012	31/03/2011
<b>Secured</b>		
(a) Loans repayable on demand from banks (Hypothecation of Stocks and receivables. And guaranteed by Promoters and Directors)	3,123,063,626	2,496,991,220
(b) From Other Parties (Unsecured and repayable within one year)	225,000,000	
<b>TOTAL</b>	<b>3,348,063,626</b>	<b>2,496,991,220</b>

**Note 6: Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956**

<b>OTHER SHORT TERM LIABILITIES</b>	31/03/2012	31/03/2011
(a) Trade Payables	4,168,666,386	1,331,071,893
(b) Others Payables	120,424,754	101,396,814
<b>Total</b>	<b>4,289,091,140</b>	<b>1,432,468,707</b>

**Note 7 - Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956**

<b>OTHER CURRENT LIABILITIES</b>	31/03/2012	31/03/2011
(a) Current maturities of long term debt	590,902,020	-
(b) Interest accrued and due on borrowings	90,711,730	-
(c) Other Payables	48,105,982	
<b>Total</b>	<b>729,719,732</b>	<b>-</b>

**Note 8 - Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956**

<b>SHORT TERM PROVISIONS</b>	31/03/2012	31/03/2011
<b>(a) Provision for employee benefits</b>		
Gratuity (Funded)	7,913,009	6,511,381
Leave Encashment (funded)	2,370,430	1,204,850
Bonus	8,054,223	6,493,884
<b>(b) Others (Specify nature)</b>		
Dividend	34853546	48,870,000
Current Tax	127,854,689	84,371,648
Divident Tax	5,653,245	7,927,936
<b>TOTAL</b>	<b>186,699,142</b>	<b>155,379,699</b>

**Note 9 - Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part I of Schedule VI to the Companies Act, 1956**

S. NO.	FIXED ASSETS	GROSS BLOCK:				ACCUMULATED DEPRECIATION				NET BLOCK		
		BALANCE AS ON 01.04.2011	ADDITION	DELETION	BALANCE AS ON 31.03.2012	BALANCE AS ON 31.03.2011	PROVIDED DURING THE YEAR	ADJUSTMENT DUE TO REVALUATION	DN DISPOSAL	BALANCE AS ON 31.03.2012	BALANCE AS ON 31.03.2011	
i	Tangible Assets											
	Land	226,452,875	876,270	114,123,084	213,305,051					213,305,051	213,305,051	
	Building	651,900,220	20,504,739		675,434,958	57,855,497	42,513,537	10,3369		100,254,002	594,283,732	575,130,986
	Plant and Equipment	7,351,779,500	1,559,521,548	112,172,045	9,299,128,003	682,000,704	390,938,519	6,484,208	15,731,856	980,907,028	7,231,333,743	5,419,624,925
	Furniture and Fixtures	6,349,358	9,310,027	117,240	15,642,145	109,562	372,727			1,482,289	5,238,796	14,129,656
	Rolls	2,014,414			2,014,414					2,014,414		
	Vehicle	348,501,444	12,064,442	16,061,789	564,504,097	156,211,505	60,382,265		7,282,141	277,375,329	350,249,939	337,192,468
	Total	9,386,997,329	1,605,405,025	232,274,213	10,760,028,141	820,372,632	872,577,048	6,503,576	47,013,097	1,201,659,362	8,434,332,261	9,559,460,268
ii	Intangible Assets											
	Computer Software	724,609,160	1,577,811		724,216,971	57,553,677	18,612,750			66,206,155	74,145,208	60,110,616
	Goodwill	121,639,160	1,577,811		124,216,971	47,553,557	18,612,750			66,206,155	74,046,203	148,363,636
	Total	9,308,636,989	1,607,983,837	232,274,213	10,884,345,112	868,556,039	891,190,798	6,503,576	47,013,097	1,267,775,517	8,508,478,064	9,706,624,102

**Consolidated : Note 10 - Disclosure pursuant to Note no. I (i) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

PARTICULARS	31/03/2012	31/03/2011
<b>A Trade Investments (Refer A below)</b>		
(a) Investment in Equity instruments	309,300	309,300
<b>Total (A)</b>	<b>309,300</b>	<b>309,300</b>
<b>B Other Investments (Refer B below)</b>		
(a) Investments in Subsidiary Companies*	99,960	99,960
<b>Total (B)</b>	<b>99,960</b>	<b>99,960</b>
<b>Grand Total (A + B)</b>	<b>409,260</b>	<b>409,260</b>

**Note 1 - Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956**

**A. Details of Trade Investments.**

S. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			2012	2011			2012	2011	2011-12	2010-11		
(a)	Investment in Equity Instruments	PNE Gillis Ltd	10,000	10,000	Quoted	Fully paid			300,000	300,000	Yes	N/A
		PNE	300	300	Quoted	Fully paid			9,300	9,700	Yes	N/A
	<b>TOTAL</b>		<b>10,300</b>	<b>10,300</b>					<b>309,300</b>	<b>309,700</b>		

**B. UNQUOTED INVESTMENT IN SUBSIDIARY**

S. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount/RS.		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			2012	2011			2012	2011	2011-12	2010-11		
(a)	Investment in Equity Instruments	Uday Energy Private Ltd	9,996	9,996	Unquoted	Fully paid	100		99,960	99,960	Yes	
	<b>TOTAL</b>		<b>9,996</b>	<b>9,996</b>					<b>99,960</b>	<b>99,960</b>		

**Note 11 - Disclosure Pursuant to Note No.O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

<b>INVENTORIES</b>	31/03/2012	31/03/2011
a. Raw Materials and components	1,359,693,979	959,989,875
b. Finished goods	1,135,180,759	764,669,770
c. Stores and spares	578,862,571	487,846,460
<b>TOTAL</b>	<b>3,074,033,770</b>	<b>2,212,506,105</b>

**Note 12 - Disclosure pursuant to Note no.P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956**

<b>TRADE RECEIVABLES</b>	31/03/2012	31/03/2011
Trade receivables outstanding for a period less than six months from the date they are due for payment	21,147,814	9,144,108
Secured, considered good		
Unsecured, considered good	4,708,102,814	2,751,690,641
<b>Total</b>	<b>4,729,250,628</b>	<b>2,760,834,749</b>

**Note 13 - Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956**

<b>CASH &amp; CASH EQUIVALENTS</b>	31/03/2012	31/03/2011
a. Balances with banks	452,300,660	569,087,646
b. Cash on hand	991,804	921,829
	<b>453,292,464</b>	<b>570,009,475</b>

**Note 14 - Disclosure pursuant to Note no.R (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956**

<b>SHORT TERM LOANS AND ADVANCES</b>	31/03/2012	31/03/2011
<b>a. Loans and advances to related parties &amp; Others</b>		
Unsecured, considered good	127,427,106	17,760,438
<b>b. Others (specify nature)</b>		
Unsecured, considered good	3564027705	1,124,513,750
<b>TOTAL</b>	<b>3,691,454,811</b>	<b>1,142,274,188</b>

**Consolidated : Note 15- Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

<b>REVENUE FROM OPERATIONS</b>	31/03/2012	31/03/2011
Sale of products (Including Processed Material)	13,438,933,394	12,139,354,204
Trading Sales	120,603,274	
<b>TOTAL</b>	<b>13,559,536,668</b>	<b>12,139,354,204</b>

**Note 16 - Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956**

<b>OTHER INCOME</b>	31/03/2012	31/03/2011
a) Interest Income (in case of a company other than a finance company)	67,280,941	13,090,651
b) Other non-operating income (net of expenses directly attributable to such income)	50,356,424	33,764,941
<b>Total</b>	<b>117,637,366</b>	<b>46,855,592</b>

**Note 17 - Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956**

<b>EMPLOYEE BENEFITS EXPENSES</b>	31/03/2012	31/03/2011
(a) Salaries and incentives	191,759,442	256,331,309
(b) Contributions to -		
(i) Provident fund(ii) Superannuation scheme	4,704,066	4,500,853
(c) Staff welfare expenses	5,039,618	1,843,726
<b>TOTAL</b>	<b>201,503,125</b>	<b>262,675,888</b>

**Note 18 - Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956**

<b>FINANCIAL COST</b>	31/03/2012	31/03/2011
a) Interest expense	1,081,635,516	950,466,766
b) Other borrowing costs	72,177,221	79,791,416
c) Applicable net gain/loss on foreign currency transactions and translation	(48,336,247)	(2,415,749)
<b>Total</b>	<b>1,105,476,490</b>	<b>1,027,842,433</b>

**Note 19 - Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956**

(Amount in Rs.)

<b>OTHER EXPENSES</b>	Year ended 31/03/2012	Year ended 31/03/2011
a) Repair & Maintenance	5,316,915	19,177,241
b) Other Manufacturing Expenses	17,172,672	10,887,715
c) Clearing and Forwarding	4,192,468	8,731,291
d) Commission Paid	1,063,766	4,138,640
e) Transportation and Weighment charges	48,958,775	47,832,076
f) Printing and Stationery	2,431,741	2,245,098
g) Advertisement	2,849,220	2,741,549
h) Electricity Charges	1,070,726	1,507,110
i) Telephone Charges	4,359,252	4,465,272
j) Rent	11,630,423	20,391,476
k) Rates & Taxes	10,432,623	2,932,536
l) Travelling & Conveyance Exp.	13,355,120	18,822,769
m) Postage & Telegram	499,560	583,718
n) Books & Periodicals	103,392	184,731
o) Professional & Consultancy Exp.	45,482,046	20,976,437
p) Vehicle Maintenance	5,724,540	4,366,216
q) Business Promotion Expenses	3,966,020	4,032,553
r) Audit Fees & Internal Audit Expenses	2,516,972	1,206,967
s) Office Maintenance	13,563,235	3,815,731
t) Donation	64,450	17,000
u) General Expenses	1,029,890	7,490,750
v) Insurance Charges	4,788,307	16,816,319
w) Testing Fees	637,178	2,491,094
x) Bad Debts Return Off	-	7,667,964
y) Legal Charges	801,476	3,306,045
z) Directors' Remuneration	15,320,000	13,030,000
aa) Sitting Fees	142,000	534,103
ab) Meeting Expenses & AGM Expenses	279,224	1,340,320
ac) Windmill Maintenance	9,349,328	-
ad) Application Fee & Subscription Fee	2,153,477	866,565
ae) Loss on Sale of Asset	18,333,245	2,023,521
af) Preliminary Expenses (Written Off)	2,799,398	10,794,712
<b>Total</b>	<b>250,387,436</b>	<b>245,417,519</b>

**Note : 20 Annexed to and forming part of the Consolidated Accounts for the year ended 31<sup>st</sup> March, 2012**

**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, 2012.

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
	2011 - 12	2010 - 11	
<b>A. Subsidiaries</b>			
<b>Surana Power Limited</b>	<b>100%</b>	<b>100%</b>	<b>India</b>
<b>Surana Mines and Minerals Ltd</b>	<b>100%</b>	<b>100%</b>	<b>Singapore</b>
<b>Surana Green Power Ltd</b>	<b>100%</b>	<b>100%</b>	<b>India</b>
<b>Uday Energy India Pvt. Ltd.</b>	<b>100%</b>	<b>100%</b>	<b>India</b>
<b>B. Stepdown Subsidiaries</b>			
<b>PT Borneo Mines and Minerals Limited</b>	<b>51%</b>	<b>51%</b>	<b>Indonesia</b>

**2. Accounting Policies**

**(a) Basis for Accounting**

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



**(b) Revenue Recognition**

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

**(c) Employee Benefits**

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- (ii) Post employment benefits such as Gratuity, EL encashment are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions.
- (iii) Actuarial gains and losses in respect of post employment benefits are charged to the Profit and Loss Account.

**(d) Fixed Assets**

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

**(e) Depreciation**

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

**(f) Foreign Currency Transactions**

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

**(g) Investments**

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

**(h) Inventories**

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

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

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

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

**(i) Taxes on Income**

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

**(j) Impairment of Assets:**

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

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

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

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

**(l) Earnings Per Share**

Basic Earnings Per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company.

Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company, adjusted for share application money pending allotment & outstanding connectible bonds.

**(m) The boiler for the 35MW Power Plant was initially designed entirely with indian coal. For this, the Government of India vide letter dated 26<sup>th</sup> February 2010 has approved the linkage for supply of domestic coal. However, this supply was not forthcoming, with was detrimentally affecting the generation of power from the plant. AS a result, the company had to consider alternatives and finally decided for the blend of imported coal and dolochar (by product of steel plant).**

The redesigning of the boiler required a total shut down of the plant and was finally commissioned in April'2012. Even though the plant was earlier commissioned in 2010, a properly designed plant taking into account the realities of the quality and supply of coal was effectively commissioned.

The company has not provided the depreciation for the period during the redesigning of the boiler amounting to Rs.8,82,73,648 and has capitalized the interest and other incidental costs amounting to Rs.22,77,67,030.

**3. Earnings per share :**

<u>Particulars</u>	(Amount in Rs.)	
	Except for share data	
	<u>2011 - 2012</u>	<u>2010 - 2011</u>
Profit after Tax	32,76,57,885	52,88,00,721
Number of Equity shares in numbers	2,90,44,622	2,71,50,000
Weighted average number of shares	2,90,44,622	2,71,50,000
No of Potential share holders		
- FCCB	76,75,929	90,92,454
Total number of share holding including potential shareholders	3,67,20,551	3,62,42,454
Basic EPS	10.69	19.48
Diluted EPS	10.17	16.16

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

The components of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 are as given below.

Components	(Amount in Rs.)	
	2011-2012	2011-2012
Deferred Tax Liability		
On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A)	1,57,77,09,814	97,59,67,117
Deferred Tax Asset		
On account of Losses available under the Income Tax Act (B)	95,61,73,420	45,50,60,353
Net Deferred Tax Liability (A) – (B)	62,15,36,394	52,09,06,764
Deferred Tax Asset	24,18,044	
Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax	10,06,29,636	6,52,50,814

5. 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.)	
	2011-12	2010-11
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	65,11,382	48,68,289
Interest Costs	5,23,505	3,89,463
Current Service Costs	33,74,143	18,50,861
Benefit Paid	(3,52,406)	(97,730)
Actuarial (gain)/Loss on obligation	(21,43,615)	(4,99,502)
Liability at the end of the period	79,13,009	65,11,381

**Post retirement Benefit – EL Encashment**

Particulars	(Amount in Rs.)	
	2011-12	2010-11
Reconciliation of opening and closing balances of obligation		
Liability at the beginning of the year	12,04,850	16,03,237
Interest Costs	91,289	1,28,260
Current Service Costs	12,49,442	3,14,348
Benefit Paid	(59,460)	(42,216)
Actuarial (gain)/Loss on obligation	(1,15,690)	(7,98,779)
Liability at the end of the period	23,70,430	12,04,850

6. Foreign Currency Transactions:

<b>Particulars</b>	(Amount in Rs.)	
	<b>2011-12</b>	<b>2010-11</b>
A. Foreign Exchange Earnings		
FOB Value of Exports	Nil	Nil
Bank interest	Nil	Nil
B. Expenditure on foreign currency		
Import of Raw materials (CIF Value)	15,13,69,691	9,69,68,172
Foreign Travel Expenses	7,44,056	32,88,050
Interest on FCCB Interest	24,554,302	2,30,42,969
Import of Capital Goods	1,04,24,28,449	NIL

7. Segment Reporting:

Information about Primary business segment

<b>Particulars</b>	(Amount in Rs.)		
	<b>Steel</b>	<b>Others</b>	<b>Total</b>
Total Revenue	13,303,683,777	373,490,256	13,677,174,033
Segment revenue before exceptional items, interest and tax	1,432,472,952	20,321,623	1,452,794,575
Less: Net Financial Charges	1,011,885,539	93,590,950	1,105,476,489
Profit before exceptional items and tax	4,201,014,490	-73,269,327	328,832,163
Less: Exceptional items	—	—	—
Profit after exceptional items	402,101,490	-73,269,327	328,832,163
Taxes	119,693,679	4,847,971	124,541,650
Profit after Taxes	282,407,811	-78,117,298	204,290,513
Segment Assets	8,684,110,593	3,424,493,829	12,108,604,422
Segment Liabilities	60,68,566,528	2,455,007,113	8,523,572,641
Total cost incurred during the year to acquire segment assets	1,607,983,837	-	1,607,983,837
Segment Depreciation	3,327,293,816	63,896,029	391,189,845
Non cash expenditure other than depreciation			

**Information about secondary segment:**

Particulars	(Rs. in Lakhs)	
	2011-12	2010-11
Revenue by Geographical Market		
- India	1,39,980.79	121819.55
- Outside India	53.60	380.76
Total	1,40,034.39	122200.31
Additions to Fixed Assets/Intangible assets		
- India	16,079.84	63313.70
- Outside India	-	856.60
Total	16,079.84	64170.30
Carrying amount of Segment Assets		
- India	96,164.71	149835.96
- Outside India	903.53	856.60
Total	97,068.24	150692.56

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

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

**Signatories to Note 20 (1 to 9)**

As per our report of even date attached.

For and on behalf of the Board

For **C.S.P.JAIN & CO.,**

Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

For **R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

**G.R. SURANA**

Chairman

**V.M.SWAMI**

Whole Time Director

**DINESHCHAND SURANA**

Managing Director

**V. ARANGANATHAN**

Director (F & A)

**VENKATRAMAN**

Company Secretary

**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012**

(Amount in Rs.)

PARTICULARS	Year ended 31/3/12	Year ended 31/3/11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	418,102,367	529,873,304
Adjustments for :		
Depreciation	391,189,845	373,395,919
Interest Income	67,280,941	13,090,651
Interest Expenses	1,105,476,490	1,030,258,182
Other Non Cash Expenditure	-	10,794,712
Loss on Sale of Asset	18,333,245	2,023,521
Profit on sale of Assets	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>1,865,821,005</b>	<b>1,933,254,987</b>
Adjustments for :		
Trade and Other Receivables	4,410,354,255	(388,729,737)
Inventories	861,527,665	406,030,029
Trade Payables	(4,439,267,427)	(216,502,136)
Cash Generated from Operations	1,033,206,512	2,132,456,831
Interest Paid	1,105,476,490	1,030,258,182
Interest Income	67,280,941	13,090,651
Direct Taxes Paid	54,876,601	115,713,093
Dividend Paid	48,870,000	40,725,000
Cash Flow Before Extraordinary Items	(108,735,636)	958,851,207
Extraordinary Items	-	5,382,072
<b>Net Cash from Operating Activities</b>	<b>(108,735,636)</b>	<b>953,469,135</b>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,423,029,129)	(6,417,030,083)
Sale of Assets	252,904,243	-
Purchase of Investments	-	390,230,450
<b>Net Cash Used in Investing Activities</b>	<b>(5,170,124,886)</b>	<b>(6,026,799,633)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	239,120,242	(381,382,052)
Proceeds from Long Term Borrowings	3,141,583,719	5,232,394,844
<b>Net Cash Used in Financing Activities</b>	<b>3,380,703,961</b>	<b>4,851,012,792</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(1,898,156,561)</b>	<b>(224,341,226)</b>
<b>Cash &amp; Cash Equivalents as opening balances</b>	<b>745,855,174</b>	<b>970,196,401</b>
<b>Cash &amp; Cash Equivalents as closing balances</b>	<b>453,292,464</b>	<b>745,855,174</b>
	(1,898,156,561)	(224,341,226)

For and on behalf of the Board

Place: Chennai

Date : 28-05-2012

**DINESHCHAND SURANA**  
Managing Director

**AUDITORS' CERTIFICATE**

We have verified the attached cash flow statement of M/s. Surana Industries limited derived from Audited Financial Statements and the Books and records maintained by the Company for years ended 31st March, 2012 and 31st March, 2011 and found the same in agreement therewith.

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As per our report of even date attached.

For **C.S.P.JAIN & CO.,**  
Chartered Accountants

**C.S.PRITHVIRAJ JAIN**

Proprietor

M No. 11529

Firm No : 001227S

Place:Chennai

Date :28-05-2012

For **R.SUBRAMANIAN & COMPANY**

Chartered Accountants

**A.S. RAMANATHAN**

Partner

M. No : 11072

Firm No: 004137S

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

1 Name of the Company	Surana Power Limited	Surana Mines and Minerals Limited	Surana Green Power Limited	Uday Energy Pvt. Ltd.
2 Financial year of the Company	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
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)	15630651 equity shares of S\$1 each (Fully paid up)	56153600 equity shares of Rs.10 each (Fully paid up)	9996 Shares of Rs. 10 each (Fully paid up)
b). Extent of holding	100%	100%	100%	99.99%
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	Nil
b). Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2011	35,561,062	(3,356,240)	14,835,440	0
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	Nil
b). Not dealt within the accounts of Surana Industries Limited for the year ended 31st March 2011	35,561,062	(3,356,240)	14,835,440	0
<b>For and on behalf of the Board</b>				

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Wholetime Director

**V. ARANGANATHAN**  
Director (F&A)

Place:Chennai  
Date : 28-05-2012

**VENKATRAMAN**  
Company Secretary



**STATEMENT ANNEXED TO THE CONSOLIDATED ACCOUNTS PURSUANT TO APPROVAL UNDER SECTION 212 (8)  
OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES AS AT 31<sup>st</sup> MARCH 2012**

(Amount in Rs.)

Particulars	Surana Power Limited	Surana Mines and Minerals Limited	Surana Green Power Limited	*Uday Energy Pvt. Ltd.
1 Share Capital	3,051,492,000	561,536,000	560,334,506	99,999
2 Reserves	734,069,062	14,835,440	(11,333,640)	-
3 Total Assets	15,093,919,387	857,407,499	681,637,291	99,999
4 Total Liabilities	15,093,919,387	857,407,499	681,637,291	99,999
5 Investments	-	-	-	-
6 Income	318,843,364	54,646,892	360,894	-
7 Profit/(Loss) Before Tax	13,056,548	2,944,328	(45,250,073)	-
8 Taxes	4,847,971	16,925,815	-	-
9 Profit/(Loss) After Tax	8,208,577	19,870,143	(45,250,073)	-
10 Proposed Dividend				

\* Uday Energy Pvt Ltd was incorporated on 17.03.2011 and the company is planning to setup power plants.

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

**G.R. SURANA**  
Chairman

**DINESHCHAND SURANA**  
Managing Director

**V.M.SWAMI**  
Wholetime Director

**V. ARANGANATHAN**  
Director (F&A)

Place:Chennai

**VENKATRAMAN**  
Company Secretary

Date : 28-05-2012

**SURANA INDUSTRIES LIMITED**

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

**PROXY FORM**

I/we.....of .....in the district of.....being a Member(s) of the above name Company hereby appoint Mr/ Ms..... of.....in the district of.....or failing him/ her / Mr./ Ms .....of.....in the district of .....as my/our proxy to vote for me/us, on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Tuesday, 10th July, 2012 at Hotel GRT Grand, No.120, Sir Thiyagaraya Road, T.Nagar, Chennai 600 017, at 10.30 A.M. and at any adjournment date to the changed thereof.

Signed this.....day of.....2012

Affix  
Re.1  
Revenue  
Stamp

Regd.Folio No.....

DP ID & Client ID.....

No. of Shares held.....

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

**SURANA INDUSTRIES LIMITED**

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

**ATTENDANCE SLIP**

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

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

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

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

I hereby record my presence at the 21<sup>st</sup> Annual General Meeting of the Company on Tuesday, 10<sup>th</sup> July, 2012 at Hotel GRT Grand, No.120, Sir Thiyagaraya Road, T.Nagar, Chennai 600 017, at 10.30 A.M.

Regd. Folio No:

DP/ ID & Client ID:

No. of Shares held:

Member's /Proxy's Signature

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

**BOOK POST**

TO:

*If undelivered, please return to :*

**Surana Industries Limited**

Regd. - cum - Corporate H.O.:

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

Phone : 044 - 28525127 (3 Lines)

Fax : 044 - 28520713

Email : [surana@suraind.com](mailto:surana@suraind.com)

Website : [www.suraind.com](http://www.suraind.com)