

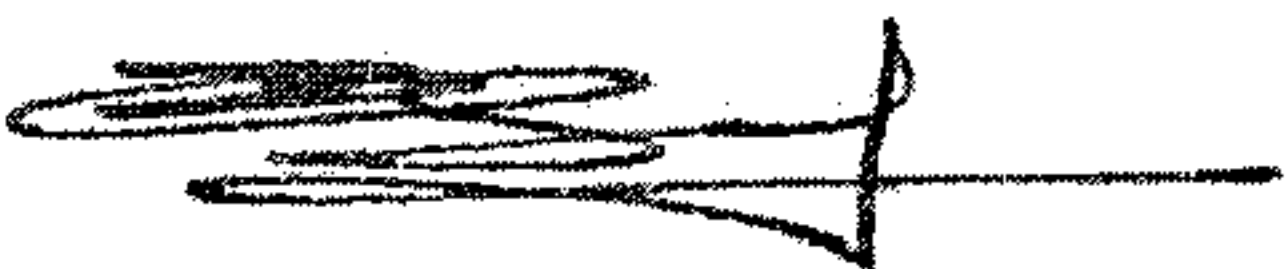

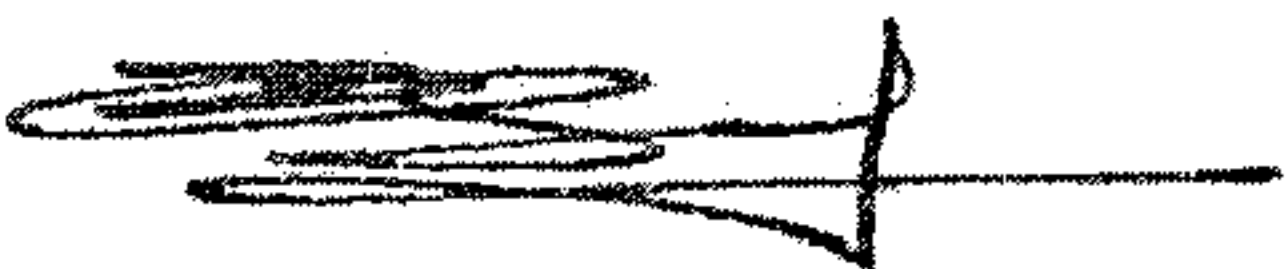

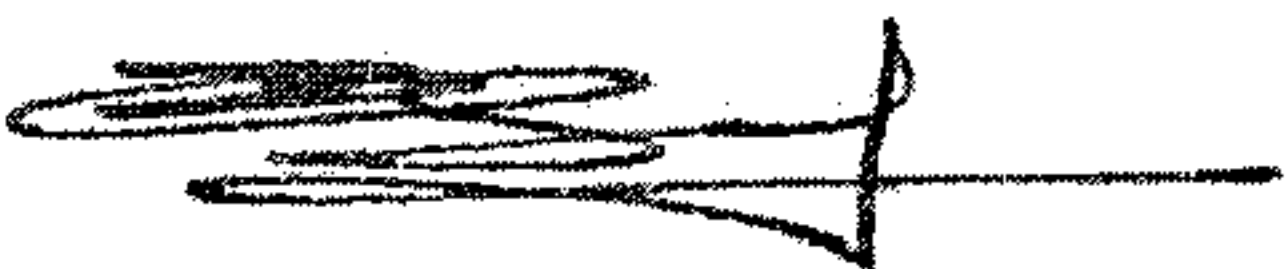

**Form B**

|    |   |  |
|----|---|--|
| 1. | <b>Name of the Company</b>  | M/s. Surana Industries Limited   |
| 2. | <b>Annual Financial Statement for the year ended</b>  | 31 <sup>st</sup> March 2014  |
| 3. | <b>Type of Audit qualification</b>  | Qualified opinion/Except For/ Emphasis of matter   |
| 4. | <b>Frequency of qualification</b>   | First time   |
|    | <b>Qualification Details: Qualification</b>   | <p>i. The company's financing arrangements for the Beneficiation and Pelletisation Project under the CDR package is required to be tied up before 31<sup>st</sup> December 2014. The timely tying up of finance and equity are crucial for completion of the project.</p>  |
|    | <b>Emphasis of matter</b><br><br><i>(Refer Independent Auditors Report to the Standalone financial statements in the Annual Report)</i> | <p>ii. Non-provision for diminution in value of long term unquoted investments made in Surana Power Limited.</p> <p>iii. Non-provision for impairment of assets as per Accounting Standard 28, for assets of the Raichur unit.</p> <p>iv. Claim for depreciation on the assets pertaining to Raichur Integrated Steel Complex.</p> <p>v. Retrenchment of all the employees, who were working at Raichur Integrated Steel Complex.</p> <p>vi. Delay in depositing undisputed statutory dues with the appropriate authorities during the year and delay in depositing arrears of certain statutory dues for more than six months, as at 31.03.2014.</p>  |
|    | <b>Management Response:</b><br>Point 17 of the Directors Report   | <p>i. The timely tie up of the Beneficiation and Pelletisation plants (Expansion project) are crucial for completion of the project. While the Expansion project is crucial for the entire operations, we has already signed term sheet with M/s. Tokyo Ventures Pte Ltd, for Rs. 150 crores. We are confident of tie up of the equity and debt components of the project within December 2014.</p> <p>ii. With regard to non-provision for diminution in value of investment in Surana Power Limited, we submit that though the 2x210 MW power project is stalled pending infusion of equity, the Company is confident of raising the necessary equity. In this regard the Company has already signed a term sheet with M/s. USI Group holdings AG, for equity investment. Further, M/s. IDBI Bank Ltd, the Consortium leader is also re-working the revised term loans owing</p> |



Continuation Sheet .....



|  |  |   |  |  |  |
|--|--|---|--|--|--|
|  |  | <p>to revision of project cost.</p> <p>iii. Non- Provision for impairment of assets of the Raichur unit: We submit that valuation obtained from certified valuer on the fair value of the assets is significantly more than the book value of the assets. Consequently, we are of the opinion that no impairment provision is warranted for the financial year.</p> <p>iv. Depreciation: As the Raichur Integrated steel plant was not in operation for major period during the financial year, no depreciation has been claimed on the relevant assets.</p> <p>v. With regard to retrenchment of all employees working at the Raichur Integrated Steel plant, we have identified reputed contractors for operations of the plant. Once stability is achieved in operations, we shall consider appointment of employees on the rolls of the Company.</p> <p>vi. We submit that there was a delay in deposit of TDS and other statutory liabilities. The delay was on account inadequate cashflows, resulting from lower level of operations. Post restructuring of its debt under the CDR mechanism, the Company is taking immediate steps for clearance of all outstanding statutory liabilities in a phased manner.</p> |  |  |  |
|  | <p><b>Additional comments from the Audit Committee.</b></p>  | <p>The Management has confirmed that necessary arrangements are in place to ensure tie up of financing arrangements for the Beneficiation and Pelletisation Project.</p> <p>Non-functioning of the Raichur Integrated Steel plant have led the Auditors to emphasize certain points. Management is confident of addressing the issues on stabilization of operations.</p>   |  |  |  |
|  | <p><b>Signed by:</b></p>   | <table border="1" style="width: 100%;"> <tr> <td data-bbox="716 1622 1312 1916" style="text-align: center;"> <br/> <b>(Dineshchand Surana)</b><br/>                     Managing Director                 </td> <td data-bbox="1312 1622 1889 1916" style="text-align: center;"> <br/> <b>(C.S.P Jain)</b><br/>                     For M/s. C.S.P Jain &amp; Co<br/>                     Statutory Auditors                 </td> </tr> </table>  |  | <br><b>(Dineshchand Surana)</b><br>Managing Director | <br><b>(C.S.P Jain)</b><br>For M/s. C.S.P Jain & Co<br>Statutory Auditors |
| <br><b>(Dineshchand Surana)</b><br>Managing Director | <br><b>(C.S.P Jain)</b><br>For M/s. C.S.P Jain & Co<br>Statutory Auditors |   |  |  |  |



| <b>CONTENTS</b>  | <b>Page Nos.</b> |
|--|------------------|
| NOTICE   | 1                |
| DIRECTORS' REPORT  | 6                |
| REPORT ON CORPORATE GOVERNANCE                                   | 17               |
| AUDITORS' REPORT   | 30               |
| BALANCE SHEET  | 35               |
| PROFIT AND LOSS ACCOUNT  | 36               |
| CASH FLOW STATEMENT  | 37               |
| NOTES TO BALANCE SHEET AND STATEMENT OF<br>PROFIT & LOSS ACCOUNT | 41               |
| CONSOLIDATED INDEPENDENT AUDITOR'S REPORT                        | 60               |
| CONSOLIDATED BALANCE SHEET                                       | 62               |
| CONSOLIDATED PROFIT AND LOSS ACCOUNT                             | 63               |
| CONSOLIDATED CASH FLOW STATEMENT                                 | 64               |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENT                        | 68               |
| STATEMENT PURSUANT TO SECTION 212 OF THE<br>COMPANIES ACT, 1956  | 83               |



**BOARD OF DIRECTORS**

|                          |                                 |
|--------------------------|---------------------------------|
| Shri. G.R. SURANA        | : Chairman                      |
| Shri. DINESHCHAND SURANA | : Managing 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. G.A.TADAS          | : Nominee Director (IDBI Bank)  |
| Smt. S.USHA              | : Nominee Director (IFCI Ltd)   |

**MANAGEMENT**

|                      |  |
|----------------------|--|
| Shri. VIJAY CHORDIA  | : Vice President                                 |
| Shri. V. RAMAN       | : General Manager - Finance                      |
| Shri. S.S. DESHPANDE | : General Manager - Accounts & Taxation          |
| Shri. B. SUDHARSAN   | : Deputy General Manger - Systems                |
| Shri. V.J ARUNKUMAR  | : Deputy General Manger – Marketing              |
| Shri. D. HARIPRASAD  | : Assistant General Manager- Accounts            |
| Smt. S. SASIKALA     | : Assistant General Manager- Finance             |
| Shri. K RAJASEKAR    | : Assistant General Manager- Admin & Secretarial |
| Shri. VENKATRAMAN    | : Company Secretary                              |

**STATUTORY AUDITORS**

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

**COST AUDITORS**

Mr. R.Sivasubramanian  
Flat No.15, Anand Apartments,  
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, 1st 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.

**BANKERS & FINANCIAL INSTITUTIONS:**

|                                  |  |
|----------------------------------|--|
| <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, IVth Floor, Tarapore Tower, 826, Anna Salai, Chennai - 600 002.  |
| <b>BANK OF MAHARASTRA</b>        | : 116, Sri Gujarati Mandal Bhavan, Broadway Branch, Chennai – 600 108                              |
| <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.                   |
| <b>IFCI LTD</b>                  | : Continental Chambers, 142, Mahatma Gandhi Road, Post Box No.3318, Chennai – 600 034.             |





**NOTICE OF 23<sup>rd</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that Twenty Third Annual General Meeting of M/s. Surana Industries Limited will be held on the Friday, the 18<sup>th</sup> July, 2014 at 9.30 a.m. at The Music Academy, "Kasturi Srinivasan Hall", No.168, T.T.K. Road, Royapettah, Chennai 600014 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Profit and loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Dr.B.Samal, (DIN: 00007256) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Dr.S.K. Gupta, (DIN: 00011138), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri.K.N.Prithivraj, (DIN: 00115317), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. C.S.P. Jain & Company, Chartered Accountants (Firm no. 001227S) as Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to authorize the Board to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution:**

Borrowing Powers of the Company u/s. 180 of the Companies Act, 2013.

**"RESOLVED THAT** in supersession of the resolution passed by Shareholders of the Company by way of Postal ballot on 30<sup>th</sup> December 2010, the consent of the Company be and is hereby accorded to the Board of Directors of the Company under Section 180 (1)(c) and other applicable provisions of the Companies Act, 2013, to borrow any sum or sums of money from time to time, on such terms and conditions as the Board of Directors may think fit, which together with the moneys already borrowed

by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 10,000/- Crores (Rupees Ten Thousand Crores only)."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

By Order of the Board  
**For SURANA INDUSTRIES LIMITED**  
-sd-  
**DINESHCHAND SURANA**  
**MANAGING DIRECTOR**

Place : Chennai  
Date: 30<sup>th</sup> May, 2014.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED TO BE A MEMBER. PROXY FORMS, IN ORDER TO BE VALID SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Members / Proxies should bring the Attendance slip duly filed in for attending the meeting along with their copy of the Annual Report.
4. Corporate Members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of Board Resolution authorizing such representative(s) to attend and vote their behalf at the Meeting.
5. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. Members are advised to quote the Registered Folio Numbers/ DPID & client ID Number in all correspondence with the company.
8. All documents referred to in the above notice and

statement are open for inspection at the Registered Office of the company between 10.30 a.m. to 1.00 p.m on all working days.

9. The register of members of the company shall remain closed from 18<sup>th</sup> June 2014 to 20<sup>th</sup> June, 2014 (both days inclusive).
10. Members are requested to contact the Registrar and Transfer Agent (RTA) 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

11. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agents to facilitate better services:
  - (i) Any change in their address, mandates, Bank details.
  - (ii) Share certificates held in multiple accounts names or joint names in the same order of names for consolidation of such shareholding into one account.
12. Dividend for the financial year ended 31.03.2007 which remains unpaid and unclaimed, will be due for transfer to the Investor Education and Protection Fund of Central Government in July, 2014, pursuant to provisions of Section 205A(5) and 205C of the Companies Act, 1956 and Section 124 (5) of the Companies Act, 2013. Members who have not encashed their dividend warrant(s) for the financial year(s) are requested to approach Company's Register and Share Transfer Agent for duplicate warrants.
13. 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.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in

securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.

15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA, for consolidation into a single folio.
16. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
17. We propose to send all documents including Annual Reports in electronic form to the Members on the email address provided by them to the Company/ RTA / Depositories. The Members holding shares in physical form are requested to intimate/update the email address to the Company/RTA, while those holding in demat form can intimate/update their email address to their respective Depository Participants.
18. Members are entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail upon receipt of a requisition from them.
19. In compliance with provisions of the New Companies Act, 2013 the Company is pleased to offer e-voting facility, for all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting

to enable the Shareholders to cast their votes electronically.

20. The Company has appointed Shri. M. Damodaran, Senior Partner, M/s. M. Damodaran & Associates, Practicing Company Secretary, as Scrutinizer for conducting the e-voting process in a transparent manner.

**E-voting process:**

21. The instructions for members for voting electronically are as under:-

**In case of members receiving e-mail:**

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii. Click on "Shareholders" tab.
- iii. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- iv. Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- vi. Now fill up the following details in the appropriate boxes:

|                    |   |  |
|--------------------|---|--|
| User Id            | For Members holding shares in DEMAT form<br>For NSDL: 8 Character DP ID followed by 8 digits Client ID<br>For CDSL: 16 digits beneficiary ID  | For members holding shares in Physical form<br>Folio Number registered with the Company. |
| PAN*               | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) |  |
| DOB#               | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.   |  |
| Dividend Details # | Bank # Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.   |  |

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number / (default value) in the Dividend Bank details field.

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on <Company name> on which you choose to vote.
- xi. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "Resolutions File Link" if you wish to view the entire resolutions.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### **In case of members receiving the physical copy:**

- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.
- B. The voting period begins on 9<sup>th</sup> July, 2014 at 10.00 A.M. and ends on 11<sup>th</sup> July, 2014 at 6.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20<sup>th</sup> June 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- D. Members may also contact the Company's Secretarial Department at [secretarial@suranaind.com](mailto:secretarial@suranaind.com) or the Registrar and Transfer Agents at [narasimhan@cameoindia.com](mailto:narasimhan@cameoindia.com)
- E. The result of the voting will be placed on the website of the Company <http://www.suranaind.com>, website of CDSL <http://www.evotingindia.com> and also on the website of all stock exchanges where the Company's shares are listed on or after 18<sup>th</sup> July, 2014.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**Item No.6**

The authority was given by the members of the Company under the erstwhile provisions of section 293(1)(d) of the Companies Act, 1956, to the Board of Directors to borrow within a limit of Rs. 10,000 crore (Ten thousand crores). Such authority was granted by way of an ordinary resolution passed by Postal ballot by the Shareholders on 30<sup>th</sup> December 2010.

Section 180 of the Companies Act, 2013 which has come into force with effect from 12<sup>th</sup> September 2013 now requires such authority by way of *special resolution*. Pursuant to the provisions of Section 180 (1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in general meeting by way of special resolution, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up share capital and its free reserves, that is to say reserves

not set apart for any specific purpose.

Further in terms of General Circular no.4/2014 issued by the Ministry of Corporate Affairs, the resolution passed under the erstwhile section 293 of the Companies Act, 1956 are valid for a period of one year i.e till 12<sup>th</sup> September 2014. Consequently, it is proposed to seek fresh approval of the shareholders by way of special resolution for borrowings within a limit of Rs. 10,000 crores.

None of the Directors, key managerial personnel of the Company and their relatives, is in any way, concerned or interested in the said resolution.

The Board recommends that the same be passed.

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

**Place: Chennai  
Date: 30<sup>th</sup> May, 2014**

**DINESHCHAND SURANA  
MANAGING DIRECTOR  
(DIN 00007032)**

**Registered Office:**

No. 29, 2<sup>nd</sup> Floor, Whites Road, Royapettah,  
Chennai- 600014  
Email: secretarial@suraind.com

**DIRECTORS' REPORT**

**To  
The Members**

The Directors of the Company present to you the 23<sup>rd</sup> Annual Report of the Company, together with the Audited Balance Sheet as on 31<sup>st</sup> March, 2014 and the Profit and Loss Account for the year ending on 31<sup>st</sup> March, 2014.

**1. FINANCIAL RESULTS**

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

Rs. in Crores

| PARTICULARS                                | 2013-14  | 2012-13 |
|--|----------|---------|
| Net Sales                                  | 555.20   | 1425    |
| Profit Before Tax and Depreciation         | (201.95) | 66.53   |
| Profit /(Loss) Before Tax                  | (233.88) | 27.50   |
| Provision for Current Tax                  | -        | 2.69    |
| Deferred Tax Provision                     | (81.66)  | 14.55   |
| Profit after Taxes/Loss                    | (152.18) | 10.24   |
| Proposed Dividend                          | (-3.11)  | 3.11    |
| Dividend Tax                               | (-0.52)  | 0.52    |
| Transfer to General Reserves               | -        | 1.02    |
| Balance Carried Forward from Previous Year | 206.71   | 203.29  |
| Balance Carried Forward to Balance Sheet   | 65.00    | 206.71  |

**1.1 Financial Performance**

The Company has achieved Net sales of Rs. 555.20 Crores for the year ending on 31<sup>st</sup> March, 2014 as compared to Rs.1425 crores in the previous year.

The Company has incurred a net loss of Rs. 152.18 crores as against a Profit after taxes (PAT) of Rs.10.24 crores for the previous year. The losses are attributable to high input costs, irregular supply of raw materials, high finance costs and unfavourable market conditions. While the Raichur plant was particularly affected by the iron ore mining ban and labour issues, the Gummudipoondi plant was faced

with irregular power supply and unfavourable market conditions.

**1.2. Corporate Debt Restructuring (CDR)**

The lenders have restructured debts of the Company to the extent of Rs.1331 crs under the CDR mechanism. All overdues shall be restructured with effect from 1<sup>st</sup> June 2013, on the basis of the terms of moratorium and revised repayment schedule contained in the Letter of Approval dated 26<sup>th</sup> February, 2014. The package also includes a priority loan of Rs.41.72 crs for balancing equipment required for the Rolling mill and electric arc furnace at Raichur. Overdues on the existing loans as on the Cut-off date have been converted into funded interest term loans. Further repayment of loans have been rescheduled over a 10 year period ending the year 2023.

**2. DIVIDEND**

Your Directors have not recommended any dividend for the financial year 2013-14 in view of the losses incurred and the need to conserve resources of the Company. The Company is also required to seek prior approval of the lenders for declaration of dividend, in terms of the Corporate Debt Restructuring package. For the financial year 2012-13, the Board had initially recommended dividend, however due to the deteriorating financial situation of the Company, the dividend was rescinded by the shareholders at the 22<sup>nd</sup> Annual General meeting. Accordingly, we have made necessary accounting adjustments with regard to dividend and dividend tax amounts for the previous year, in the financials for FY 2013-14.

**3. MANAGEMENT DISCUSSION AND ANALYSIS**

**3.1 Steel Industry outlook:**

India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during 2013-14. Steel production in India recorded a growth rate of 4.8 per cent in February 2014 over February 2013. The cumulative growth during April-February, 2013-14 stood at 4.2 per cent over the corresponding period of the previous year.

Steel contributes to nearly two per cent of the gross domestic product (GDP) and employs over 500,000 people. The total market value of the organized Indian steel sector stood at US\$ 57.8 billion in 2011 and is expected to touch US\$ 95.3 billion by 2016. The infrastructure sector is India's largest steel consumer, thereby attracting investments from several global



players. Owing to this connection with core infrastructure segments of the economy, the steel industry is of high priority right now. Also, steel demand is derived from other sectors like automobiles, consumer durables and infrastructure; therefore, its fortune is dependent on the growth of these user industries. The liberalisation of the industrial policy and other government initiatives has given a definite impetus for entry, participation and growth of the private sector in the steel industry. Allowing foreign direct investment (FDI) has been a positive step since India is heavily dependent on foreign technologies. These foreign technologies generally add life to the plant and production units, which ultimately lead to the country's economic growth.

### 3.2. Market Size

India's real consumption of total finished steel grew by 0.6 per cent year-on-year in April–March 2013-14 to 73.93 million tonnes (MT), according to Joint Plant Committee (JPC), Ministry of Steel. Construction sector accounts for around 60 per cent of the country's total steel demand while the automobile industry consumes 15 per cent.

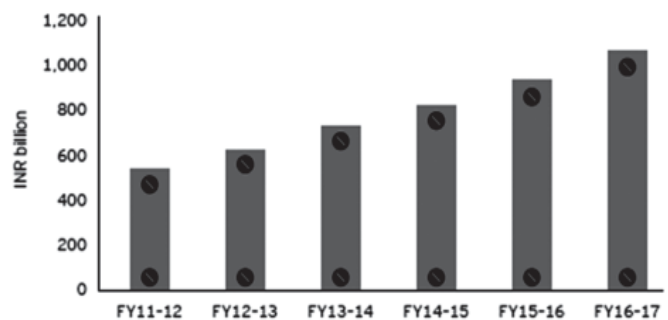
India became net steel exporter in 2013–14 and is likely to maintain the momentum in 2014-15 as producers are looking to dock more overseas shipment to tide over subdued domestic consumption. Total steel exports by India during 2013–14 stood at 5.59 MT, as against imports of 5.44 MT.

Iron ore export from India has showed a 253 per cent increase during the period October–December 2013, at 3.75 MT as against 1.06 MT in the corresponding period of the previous year, on the back of the opening of new mines in Chhattisgarh, Madhya Pradesh and Rajasthan, as per the Federation of Indian Mineral Industries (FIMI).

### 3.3. Investments & Government initiatives

India needs investment of US\$ 210 billion over the next decade to achieve the steel production capacity of 300 million tonnes per annum (MTPA) by 2025 from the current 90 MT. The future of the Indian steel industry is bright. The government plans to increase infrastructure spending from the current 5 per cent GDP to 10 per cent by 2017, and the country is committed to investing US\$ 1 trillion in infrastructure during the 12th Five-Year plan.

Projected infrastructure investment during the 12th FYP



Source: Committee on Infrastructure/Planning Commission

The Government of India has allowed 100 per cent FDI through the automatic route in the Indian steel sector. It has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process.

In order to provide thrust on research and development (R&D), the Ministry of Steel is encouraging R&D activities both in public and private steel sectors, by providing financial assistance from Steel Development Fund (SDF) and Plan Scheme of the Central Government. Under the SDF scheme, 82 R&D projects have been approved with total project cost of Rs 677 crore (US\$ 111.92 million) wherein SDF assistance is Rs 370 crore (US\$ 61.17 million). Under the Plan Scheme, eight projects were approved with a total cost of Rs 123.27 crore (US\$ 20.38 million) wherein Government assistance is Rs 87.28 crore (US\$ 14.43 million).

To encourage beneficiation and pelletisation of iron ore fines in the country, basic customs duty on the plants and equipment required for initial setting up or substantial expansion of iron ore pellets plants and iron ore beneficiation plants has been reduced from 7.5 per cent to 2.5 per cent. Import of critical raw materials for steel industry, such as coking coal, non-coking coal and scrap are subject to zero or very low levels of custom duty.

### 3.4. Challenges:

- i. Domestic iron ore production declined continuously over the last three years, and the trend has been continuing in the current year as well on account

of various restrictions in key iron ore producing states. While the Supreme Court has allowed Category A and B mines in Karnataka to resume mining operations in the state, the requirement of fulfilling various conditions has resulted in only a limited number of mines commencing operations till now, leading to a significant supply shortage in the State. While the mining ban in the state Goa as been lifted, mining is yet to resume pending policy formation by the State Government. The iron ore mining industry in Odisha may also face a ban in light of the report of the justice M.B.Shah Commission. shortage in the state. Despite falling supplies, domestic iron ore prices nevertheless declined over the last one year. Domestic lump ore prices are ruling at levels which are 10-15% lower than the rates one year back. This is because of the ongoing downturn in the steel industry, leading to a nominal production growth for steel players without captive iron ore mines.

- ii. International coking coal contract prices too have declined during FY 14, but the depreciation in the INR vis-à-vis the USD has largely offset the benefit from the same for Indian steelmakers importing coking coal. However, a further decline in contract prices of coking coal is likely to have a positive bearing on their margins.
- iii. Insufficient infrastructure and logistics. The steel industry is a major user of infrastructure resources like railways, roads and ports. A growth in steel production will increase the burden of the country's already stretched logistics infrastructure. To meet the needs of a growing steel industry, major improvements in various infrastructure facilities are required.
- iv. Land Acquisitions and rules for calculation of compensation to landowners need clarity. Further, the number of approvals governing land acquisition and setting up new capacity needs to be streamlined.
- v. Overcapacity: Steel producers across the globe are grappling with low capacity use levels, resulting in a high fixed cost. Indian steel producers' capacity use contracted to below 80% in FY13. Any increase in the capacity use due to an uptick in demand could be limited by significant new capacities (about 13-15 million tonnes (mt)), scheduled to start in FY15. Domestic steel producers will have to increase their focus on cost competitiveness and efficiency of operations to protect their margins.

### **3.5. Future Outlook:**

With urban population increasing globally, there is a greater need for steel to build public-transport infrastructure. Emerging economies will also continue to be a major driver of demand as these necessitate a huge amount of steel for urbanisation and industrialization. As per the Worldsteel forecasts, in India, steel demand is expected to grow by 3.3% to 76.2 Mt in 2014, following 1.8% growth in 2013, due to an improved outlook for the construction and manufacturing sectors, even though this will be constrained by high inflation and structural problems. Steel demand is projected to grow by 4.5% in 2015 supported by the expectation that structural reforms will be implemented. Over a longer term, volume growth however would be critical, given that substantial fresh capacities are likely to be commissioned in the next two years. Unless demand conditions improve significantly, overall capacity utilisation levels and profitability of steel players would remain impacted.

## **4. OPERATIONS**

### **4.1. Gummidipoondi Plant & Madhavaram Service Centre:**

The Production at Gummidipoondi Plant has been affected for the last couple of years due to severe power cut in Tamil Nadu. The plant faced a 20% power cut and this situation continued for most part of the financial year. The power shortage coupled with unfavourable market prices for end products have resulted in lower operation level at the plant .The plant is running at around 42% capacity. The trading activity at the Madhavaram Service Centre has been a major contributor to the sales for the FY 2013-14.

### **4.2. Integrated Steel Plant at Raichur, Karnataka:**

#### **4.2.1 Existing operations**

The existing operations at the Integrated Steel Complex at Raichur comprises of the Sponge Iron Plant (Direct Reduction of Iron), Steel Melting Shop and the Rolling Mill.

Currently, all four kilns of the DRI plant are operational. The company is using high grade iron ore lumps due to the non-availability of pellets for producing produce sponge iron. During the year the SMS plant and Rolling Mill had taken a shutdown due to maintenance and non-availability of certain balancing equipments. The Company has sought a priority loan of Rs.41.72 crores under the CDR package for the same.

The Company has been facing labour unrest at the plant for the majority of the financial year. Consequently, production

has been effected periodically. Post implementation of the CDR package, the Company is set to re-start the DRI operations in full swing by June 2014. Similarly, the Rolling Mill is expected to commence operations by August 2014 once the priority loan has been released by the lenders.

The existing & proposed facilities at the Raichur plant are summarized below:

MTPA

| Facility                                       | Existing | Expansion | Total |
|--|----------|-----------|-------|
| <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  |

#### 4.2.2 Expansion Project- Beneficiation & Pellet Plant

Earlier in terms of the Hon'ble Supreme Court order the illegal mines were all closed down in Karnataka. And the Hon'ble Supreme Court wanted to regulate the mining activities. As a result, there was a shortage of iron ore supply in the State of Karnataka. Your company resorted to buy pellets instead of iron ore lumps. In order to obviate this difficulty the company had planned a Backward Integration exercise of setting up a Beneficiation and Pelletisation Plant. This expansion envisages Beneficiation of Iron ore fines and the company will be producing Pellets which in turn will be utilized for the production of Sponge Iron. In other words, the Pellets which will be produced will become the raw materials for the manufacture of Sponge Iron in our Direct Reduction of Iron (DRI) Kilns.

The implementation of this project is by far the biggest challenge that will be faced by the Company. The Expansion project was earlier estimated to cost Rs. 1253 cores and was re-appraised by SBI Caps to Rs. 1237 crs. Earlier it was planned to set up the project on 280 acres of land. On reworking the design of plant, the Company can now accommodate the new plant in the existing premises itself. Consequently, the land cost has been reduced from the project cost.

The Techno Economic Viability of the project was also carried out by M/s. MITCON Consultancy which has found the project to be viable.

The revised means of finance is as under:

(Rs. in Crs)

| Particulars               | Re-appraised | Availed    | Balance    |
|---------------------------|--------------|------------|------------|
| Equity                    | 456          | 125        | 331        |
| Internal Accruals         | 63           | 63         | -          |
| Total equity              | 519          | 188        | 331        |
| Total Term Loan           | 718          | 203        | 515        |
| <b>Total Project cost</b> | <b>1237</b>  | <b>391</b> | <b>846</b> |

The balance equity of Rs.331 crs is proposed to be brought in over a period of 3 years on pro-rata disbursement by the lenders. The debt component is also required to be tied up by December 2014. We expect that the project to be completed over 15 months and the expected date of commencement of operation is April, 2016. The revised project cost break up (approx.) is as under:

| Uses                         | Rs. in crs. |
|------------------------------|-------------|
| Land & Site Development exp  | 24          |
| Building & civil work        | 121         |
| Plant & Machinery            | 867         |
| Contingencies                | 38          |
| <b>Total Hard Cost</b>       | <b>1050</b> |
| Interest During Construction | 148         |
| Pre-operative Expenses       | 17          |
| Working Capital              | 22          |
| <b>Total Soft Cost</b>       | <b>187</b>  |
| <b>Total</b>                 | <b>1237</b> |

#### 5. FUTURE OUTLOOK:

As stated earlier, the Company has availed of the CDR mechanism to restructure its existing debts with the lenders. The Company has signed a master restructuring agreement with its lenders. The repayment is spread over a ten year period ending in the year 2023-24. The mechanism also stipulates stringent monitoring by the lenders including monthly cashflows. The lenders have constituted a monitoring committee lead by the monitoring institution (MI). The MI is M/s. IDBI Bank Ltd.

The existing operations shall be supplemented by the Expansion project with effect from 2016-17. Further, the promoters are required to contribute equity of Rs.331 crores in terms of the CDR package. The promoter contribution under the package is as under:



The total promoter's contribution shall be Rs. 447.23 crores over 3 years as under:

Rs. Crores

| Particulars                                 | Total         | 31-Mar-14    | 31-Mar-15    | 31-Mar-16     |
|---|---------------|--------------|--------------|---------------|
| For Project under implementation –Raichur   | 331.24        | 7.71         | 212.16       | 111.37        |
| For Priority Term Loan for existing project | 13.91         | 13.91        | -            | -             |
| For sacrifice under CDR package             | 32.55         | 27.17        | 5.38         | -             |
| For Marging towards Working Capital         | 69.53         | -            | 40.06        | 29.47         |
| <b>Total</b>                                | <b>447.23</b> | <b>48.79</b> | <b>257.6</b> | <b>140.84</b> |

Promoters' contribution is also proposed to be brought in through strategic investors and Divestments of SIL holding in its group Companies.

### 5.1. Divestment of equity stake in subsidiaries

SIL has made considerable investments in its subsidiaries viz. SPL (Rs. 350 crs) & SMML (Rs. 56 crs). These investments are yet to yield returns. While the investment decision is sound, the execution of these businesses have faced various bottlenecks in the form of non-availability of working capital, un-favourable market conditions, coal linkage and other macroeconomic issues. These have stressed the cashflows of the parent company SIL. Presently we are in advanced discussions with various investors. Going forward, it is proposed to unlock their value by divesting majority equity stake in these Companies

### 6. SUBSIDIARIES:

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular.

#### 6.1 Surana Power Limited

Surana Power Limited is in the process of setting up of 2 x 210 MW Thermal Power Plant at Raichur, Karnataka. The original project cost was estimated at Rs.2400 crs

and was revised to Rs.2900 crores. The cost has been further revised to Rs.3000 crores on account of increase in Interest during Construction (IDC) due to delay in tie up of equity. 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.

The operations of the 35MW were adversely affected during the year due to fall in power tariff rates and increase in input costs. Consequently, SPL was forced to restructure its debts relating to the 35MW power plant with M/s. UCO Bank. The Company has achieved a net sales of Rs.70.97 Crs and incurred a loss of Rs. 12.39 crs for the FY 2013-14.

Surana Industries Limited has already infused a capital contribution of Rs.391 crores and the foreign private equity investors are expected to bring in additional equity. The foreign equity is expected in the near future. The funding requirement for the 420 MW Power plant is revised to Rs.3000 crores and proposed to be tied up by equity contribution of Rs. 675 crores and debt funding of Rs. 2325 crores. Surana Power limited has already incurred Rs. 1925 crores on the project from an equity contribution of Rs. 350 crores, term loan of Rs. 1307.63 crores and project creditors of Rs. 267.38 crores. The project is now expected to go on stream by March 2016.

#### 6.2 Surana Mines And Minerals Limited:

Surana Mines and Minerals Ltd, (SMML) is a wholly owned subsidiary of Surana Industries Ltd at Singapore. SMML is expected to commence trading activities in coal as well as scraps in the global market for supply to steel and power plants in the group. SMML has a step down subsidiary PT Borneo Mines & Minerals Ltd which has acquired mining rights in the Sassanga coal mines in Indonesia. The 2640 acres of the Sassanga coal mines have proven reserves of 60-70 million tonnes of coal. The Company is facing difficulty in raising funds for working capital due to the restructuring of the debts of the parent company Surana Industries Ltd and has incurred a loss of US\$ 40, 324/- on a consolidated basis for the FY 2013-14.

#### 6.3 Surana Green Power Limited:

SGPL, a 100% subsidiary of Surana Industries Limited, is in the business of Power Generation. SGPL has a step down subsidiary M/s. Surana Green Energy Limited, (SGEL) an SPV through which the Company is availing the Group Captive Scheme (GCS), whereby SGEL is able to sell electricity to other Captive users SGEL owns 8 wind machines and has the aggregate 12 MW capacity.

SGPL has also been registered under the UNFCCC (United Nations Framework Convention on Climate Change) Clean Development Mechanism Scheme (CDM). The project is eligible for Carbon Credits which are sold in the international markets. This has provided additional revenue to SGPL.

For the FY 2013-14, the Company has operated on average PLF of 14.95% and generated 152.22 lakhs units on a consolidated basis. The Company has achieved turnover of Rs.8.17 crs by way of sale under the GCS route. The Company has also earned income of Rs.16 lakhs by sale of carbon credits. SGEL has obtained CRISIL rating of B-(Stable).

## **7. 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.

The Infrastructure sector is expected to get an impetus under the new government, which will also translate into substantial increase in steel demand. The Company also undertakes Cold Rolling operations which provide a good margin of profitability. The Company procures materials mainly from leading steel producers and after cold rolling, sells the same in the market. This shall also add to the overall profitability of the Company.

## **8. 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. The alloy steel market has high competition. Therefore, it is essential for the Company's marketing team to aggressively and effectively market the products.

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

Shortage of quality raw materials, surging freight costs and escalation of the costs of inputs, fuels etc. will continue to keep the cost of production high for steel manufacturers.

The main threat perception is linkage of iron ore and coal. Delay in completion of the backward integration project can also affect profitability of future operations.

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

## **9. RISK PERCEPTION**

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

- Quality Maintenance of the End Products
- Adequate availability of Raw Materials
- Requisite Power Supply
- Removal of Transport Bottlenecks
- Sudden Increase in Prices of Inputs
- Customers Default
- Inadequacy of Finance Arrangement
- Statutory Policies
- Events Due to Unforeseen Circumstances
- Volatility in international supply/demand of steel products

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.

**10. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

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

**11. CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates and AS - 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statements is provided in the Annual Report.

**12. HUMAN RESOURCES:**

The Management envisions trained and motivated employees as the backbone of the Company. Special attention is given to recruit trained and experienced personnel not only in the production department but also in marketing and finance and accounts. The Management strives to retain and improve employee morale.

The labour unrest at the Raichur Integrated steel plant plagued the operations of the plant for the majority of the financial year. For the last three years a certain section of the workers of our Raichur Integrated Steel Plant have been resorting to illegal activities and have been instigated by local elements with vested interests.

We have been negotiating with the workers, pointing out that the company has commenced commercial production only in 2008-09 and the Integrated Steel Plant is yet to be stabilized. A number of conciliations meetings took place and minutes were drawn. However, the workers resorted to an illegal strike in the first quarter of FY 2013-14. The strike affected the operations of the Company and its subsidiary Surana Power Ltd. In May 2013, SPL proceeded to obtain an injunction against the workers preventing them from disturbing operations. A Conciliation meeting was held with the workers in the presence of the Dy. Labour Commissioner. Workers who participated in illegal activities were duly dismissed with full settlements of their dues. An agreement was subsequently entered into with the Union wherein they had agreed to cooperate with the Management and to work in any of our sister concerns and associate companies.

However, the workers continued to adopt non-cooperation tactics. The Managing Director personally convened a meeting at Raichur on 2<sup>nd</sup> & 5<sup>th</sup> March 2014 and explained the poor economic condition of the company, CDR etc. and requested that they shall be re-deployed in sister and associate companies. The management had two conciliation meetings with our workmen in the presence of Deputy Labour Commissioner during March 2014. Despite these efforts, the workers were not amenable to change. Left with no option, the management decided to terminate all the employees at the plant with full settlement w.e.f 31<sup>st</sup> March 2014. As a result total staff strength has considerably reduced.

We have also reduced our manpower strength in the Gummudipoondi, Madhavaram plants and also the Corporate head office at Chennai. As a result of these manpower rationalization exercises, the monthly salaries and wages have come down from Rs.1.5 crores to around Rs. 20 lakhs. The Company has engaged M/s.Optimal Steel Plant Design Pvt Ltd, to provide experienced engineers to the various plants on contract basis. The decision for rationalization of labour has enabled the company to curtail fixed manpower costs.

**13. 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 taken to adhere to the requirements set out by SEBI. The Company is also aligning itself to implement global corporate governance practices.

A separate report on the Corporate Governance also forms part of the Annual Report. Requisite certificates from the Auditors of your Company regarding compliance of the conditions of the corporate governance as stipulated under Clauses 49 of the Listing Agreement with the Stock Exchanges is also attached to the corporate governance report. With regard to the Business Responsibility Report, the Company is not covered in the top 100 listed entities, based on the market capitalization at BSE & NSE, in terms of SEBI Circular CIR/CFD/DIL/8/2012 dated August 13, 2012.

**14. CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE**

The Board of Directors at their meeting held on 21<sup>st</sup> March 2014 has constituted a Corporate Social Responsibility and Governance Committee (CSR&G Committee) in compliance with the provisions under the Companies Act, 2013. The committee comprises of Shri K.N Prithviraj as the Chairman, Shri Krishna Udupa and Shri. Dineshchand Surana as its other members.



The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

#### **15. DEPOSITORY SYSTEM / E-VOTING MECHANISM:**

The Company has entered into Tripartite Agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (I) Ltd (CSDL) along with Registrars M/s Cameo Corporate Service Ltd, Chennai for providing electronic connectivity for dematerialization on the Company's shares facilitating the investors to hold the shares in electronic form and trade in those shares. The shares of your Company are being traded now in on the Mumbai, National and Madras Stock Exchanges under compulsory demat form. Further, in accordance with provisions stipulated under Companies Act, 2013, the facility of e-voting is also made available to all shareholders of the Company. The instructions regarding e-voting are available in a separate section of the Annual report. All shareholders are also requested to update their email ids with the Company or our RTA M/s. Cameo Corporate Services Ltd.

#### **16. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 29<sup>th</sup> July 2013 (date of last Annual General Meeting) on the Company's website ([www.suranaind.com](http://www.suranaind.com)), as also on the Ministry of Corporate Affairs' website.

#### **17. AUDITORS:**

##### **17.1 Statutory Auditors**

M/s CSP Jain & Co., Chartered Accountants, Chennai (Firm no.011529) and M/s. R Subramanian & Company, Chartered Accountants, (Firm no. 004137S) were re-appointed as the Joint Statutory Auditors of the Company in the 22<sup>nd</sup> AGM. M/s. R. Subramanian & Co, Chartered Accountants (Firm no. 004137S) have with effect from 2<sup>nd</sup> May, 2014 voluntarily

resigned from the office of the Statutory Auditors, due to their pre-occupation with other assignments. Consequently, M/s CSP Jain & Co., Chartered Accountants, Chennai (Firm no.011529) have audited the accounts for the financial year ending 31<sup>st</sup> March 2014, in their capacity as the sole Statutory Auditors of the Company.

M/s CSP Jain & Co., Chartered Accountants, Chennai (Firm no.011529), Statutory Auditor hold office upto the conclusion of the the 23<sup>rd</sup> AGM and are eligible for re-appointment. The Company has received letters to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for such re-appointment. Your Board of Directors recommends their re-appointment as Statutory Auditors to hold office from the conclusion of the 23<sup>rd</sup> AGM till the conclusion of the 24<sup>th</sup> AGM.

##### **17.2 Auditors Report**

The Auditors have qualified and emphasized certain matters in their report.

- i. The timely tie up of the Benefication and pelletisation plants (expansion projects) are crucial for completion of the project. While the expansion project is crucial for the entire operations, we have already signed terms sheet with M/s. Tokyo ventures PTE Limited for Rs. 150 crores. We are confident of tie up of the equity and debt components of the project with in December 2014.
- ii. With regard to non provision for diminution in value of investment in Surana Power Limited, we submit that though the 2x210 MW power project is stalled pending infusion of equity, the company is confident of raising the necessary equity. In this regard the company has already signed a term sheet with M/s USI Group holding AG, for equity investment. Further IDBI Bank Limited, the consortium Leader is also reworking the revised term loan owing to revision of the project cost
- iii. Non - Provision for impairment of assets of the raichur unit: we submit the valuation obtained from certified valuer on the fair value of assets is significantly more than the book value of the assets. Consequently, we are of the opinion that no impairment provision is warranted for the financial year.
- iv. Depreciation: as the Raichur integrated steel plant was not in operation for major period during the financial year, no depreciation has been claimed on the relevant assets.

- v. With regard to retrenchment of all employees working at Raichur integrated steel plant, we have identified reputed contractors for operations of the plant. Once stability is achieved in operation, we shall consider appointment of employee on the rolls of the company
- vi. We submit that there was a delay in deposit of TDS and other statutory liabilities. The delay was on account inadequate cashflow, resulting from lower level of operation. Post restructuring of its debt under the CDR mechanism, the company is taking immediate steps for clearance of all outstanding statutory liabilities in a phased manner.

### 17.3 Cost Auditor

The Board of Directors had appointed M/s.R. Sivasubramanian & Co, Cost Accountants for conducting the audit of cost records of the Company for the financial year 2013-14.

### 17.4 Secretarial Audit

As a measure of good corporate governance practice, the Board of Directors of the Company appointed M/s. S. Ganesh & Associates, Practising Company Secretaries, to conduct the Secretarial Audit.

### 17.5 Concurrent Auditor

M/s. Ramesh & Co have been appointed as the Concurrent Auditor by the Monitoring institution viz. M/s. IDBI Bank Ltd in compliance with the terms and conditions stipulated under the CDR package.

### 18. DIRECTORS:

The following changes have occurred in the Board of Directors, the untimely demise of Shri. V.M Swami, Wholetime Director on 19<sup>th</sup> September 2013; Appointment of Smt. S. Usha as nominee of M/s. IFCI Ltd on 14<sup>th</sup> August 2013; Resignation of Shri. V. Aranganathan, Whole time Director w.e.f 31<sup>st</sup> May 2014.

At the ensuing 23<sup>rd</sup> AGM Shri. K.N Prithviraj, Dr. B. Samal and Dr. S.K Gupta, Directors of the Company are eligible to retire by rotation and offer themselves for re- appointment.

### 19. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. in the preparation of Annual Accounts of the

Company for the financial year ending on 31<sup>st</sup> March, 2014 the applicable accounting standards have been strictly followed along with proper explanations and that no material departures have been made from the same.

- ii. the Directors have taken such accounting policies and these have been applied consistently. The estimates and judgments have been reasonable and prudence so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2014 and profits/loss of the Company for the year ended on that date.
- iii. the Directors have taken proper and sufficient care for the maintenance of the accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, if any.
- iv. the Directors have caused preparation of the Annual Accounts for the financial year which ended on 31<sup>st</sup> March, 2014 on a going concern basis.

### 20. 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 is annexed to this report.

### 21. PARTICULARS OF EMPLOYEES:

None of the employees were in receipt of remuneration required to be disclosed pursuant to Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975.

### 22. ACKNOWLEDGEMENT

The Board of Directors of the Company wish to express their deep sense of appreciation and offer 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 in restructuring the Company's

debt under the CDR mechanism failing which the Company would have succumbed to the recession faced by the Steel Industry.

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 factories.

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

**Date: 30<sup>th</sup> May, 2014**

**Place: Chennai**

**Dineshchand Surana  
Managing Director  
(DIN 00007032)**

**Krishna Udupa  
(DIN 00009806)**

**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 31<sup>st</sup> March 2014.

**A. CONSERVATION OF ENERGY:**

| <b>1.ELECTRICITY</b>          | 2013-14         | 2012-13      |
|-------------------------------|-----------------|--------------|
|                               | (Amount in Rs.) |              |
| Purchased                     |                 |              |
| a) Total Units Consumed       | 84,38,228       | 1,21,18,237  |
| b) Total Amount (Rs)          | 6,32,36,173     | 8,12,73,578  |
| c) Rate per Unit (Rs)         | 7.49            | 6.70         |
| Own Generation (Units)        |                 |              |
|                               |                 |              |
| <b>2. FURNACE OIL</b>         |                 |              |
| a) Total Consumption (lts)    | 1,05,172        | 6,80,900     |
| b) Total Amount (Rs)          | 40,21,674       | 2,97,95,847  |
| c) Rate Per Litre (Rs)        | 38.24           | 43.75        |
|                               |                 |              |
| <b>3. COAL</b>                |                 |              |
| a) Total Consumption (Tonnes) | 27,027.18       | 41,880.39    |
| b) Total Amount (Rs)          | 17,69,00,848    | 30,89,42,795 |
| c) Rate per Tonne (Rs)        | 6,545.00        | 5,376.78     |

**NOTES:**

- 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**

|                    | 2013-14         | 2012-13     |
|--------------------|-----------------|-------------|
|                    | (Amount in Rs.) |             |
| <b>Earnings</b>    |                 |             |
| Export of Goods    | -               | 2,83,65,045 |
| <b>Expenditure</b> |                 |             |
| Travel Expenditure | -               | 60,993      |

**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), the details of which are given below:

**2. BOARD OF DIRECTORS****2.1 Appointment and Tenure**

The Directors of the Company are appointed by Shareholders at General Meetings. All the Directors except the Nomi- nee 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 the Companies Act and that of the Articles of Association of the Company.

**2.2 Composition 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 10 (Ten) Directors as on 31<sup>st</sup> March 2014, out of which four Directors are Executive Directors (including 2 Promoter Directors), four Non-Executive independent directors and the remaining two are Non-Executive nominee directors. The Company's policy is to maintain an optimum combination of Executive & Non-Executive Directors.

The four Executive Directors include the Chairman, Managing Director, Director Projects and Director (Finance & Accounts) 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 | 63 years<br>Secondary<br>Certificate | Chairman;<br>April 1, 2004<br>(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.<br>(Shareholding: 44,07,775 shares) |



|                       |                          |  |   |  |
|-----------------------|--------------------------|--|---|--|
|                       | Shri. Dineshchand Surana | 49 years<br>D. Pharm                       | Managing Director; August 5,<br>2000<br>(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.<br>(Shareholding: 39,89,736 shares)   |
| Executive Directors   | Shri. Krishna Udupa      | 62 years M.Sc, CAIIB                       | Director- Projects;<br>October 29,<br>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.<br>(Shareholding: 32, 500 shares)  |
|                       | Shri. V. Aranganathan    | 42 years B.Com., FCA                       | Director (Finance &<br>Accounts);<br>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 2 decades. He has 20 years of experience in Auditing, Taxation, Finance and banking.<br>(Shareholding: 100 shares)  |
| Independent Directors | Dr. S.K Gupta            | 75 years B.Sc. (Met Engg.),<br>Ph.D., D.Sc | Independent Director;<br>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 has been an advisor to the Government of India and Ministry of Steel. He was recently conferred with the life time achievement award by the Government of India for his invaluable contributions in the field of metallurgy.<br>(Shareholding: 7 shares) |
|                       | Dr. B. Samal             | 72 years M.Sc., Ph.D                       | Independent Director<br>May 15, 2006                        | Dr. B.Samal was the Chairman 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.<br>(Shareholding: Nil shares)  |



## Surana Industries Limited

CIN:L27104TN1991PLC020533

|                  |                      |                                    |   |  |
|------------------|----------------------|------------------------------------|---|--|
|                  | Shri. K.N Prithviraj | 68 years M.A., CAIIB               | Independent Director<br>May 2, 2008       | <p>Shri. K.N. Prithviraj has previously 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 over four decades of experience of 41 years in the banking industry. He is also the Nominee of SUTTI on the Board of Axis Bank Ltd.<br/>(Shareholding: NIL shares)</p>   |
|                  | Shri. B. S. Patil    | 69 years<br>B.A., I.A.S.<br>(Retd) | Independent<br>Director Oct 30, 2009      | <p>Shri. B.S. Patil has served as the Chief Secretary to Govt. of Karnataka. He has also headed KSFC &amp; 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.<br/>(Shareholding: Nil shares)</p>   |
| Nominee Director | Shri. G. A Tadas     | 53 years,<br>MA, MBA, CAIIB        | Nominee<br>Director IDBI;<br>June 6, 2012 | <p>Shri. G A . T a d a s is currently working in the capacity of Chief General Manager at IDBI Bank. During the past 17 years at IDBI Bank, served in various Depts. viz. Corporate Banking, Risk Dept., Project Appraisal, Corporate Strategy &amp; Planning, In-charge of Pune Corporate Finance Branch, Corporate branding and communications, Organisation Development, Systems &amp; procedures. Appointed as MD &amp; CEO of IDBI Gilts Ltd in June 2009, dealing with debt market, Govt. securities/ T-Bills/ Corporate bonds, Secondary market trading in debt securities, Money market borrowings.<br/>Prior to joining IDBI Bank, served (for 10 years) at Research and Information System for Non-aligned &amp; Other Developing Countries (RIS), (Autonomous body of Ministry of External Affairs, Govt. of India), New Delhi, and Fertiliser Association of India (for over one year), New Delhi.</p> |

|  |              |                               |  |   |
|--|--------------|-------------------------------|--|---|
|  | Smt. S. Usha | 56 years CAIIB, MBA (Finance) | Nominee Director<br>IFCI Ltd<br>Aug 14, 2013 | Smt.S.Usha is currently the Managing Director of IFIN Securities Ltd. Previously she held position of Senior Associate Vice President at IFCI Ltd, Chennai Office. She has completed more than 3 decades of service in IFCI Ltd in various capacities. During her stint at IFCI she has been instrumental in successfully handling very big portfolio of cases consisting of various projects like, Thermal power, Hydro Power, Fertilisers, Hotels, Engineering, Chemical, Textiles etc. She was also instrumental in resolving certain critical Non Performing Assets while at Hyderabad. Prior to IFCI, she has held offices in the Central Government such as the Accountant General's Office at Chennai and Staff Selection Commission of India, Ministry of Home Affairs. Govt. of India), New Delhi, and Fertiliser Association of India (for over one year), New Delhi. |
|--|--------------|-------------------------------|--|---|

**Note:**

1. Shri. V.M Swami, Wholetime Director passed away on 19<sup>th</sup> September 2013
2. Shri. V. Aranganathan, Director (Finance & Accounts) has resigned w.e.f 31<sup>st</sup> May 2014

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 of more than 10 Committees. Necessary disclosures have been made by the Directors in this regard.

**2.3 Board and 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, monitor the Management Policies and their effectiveness and ensure that the long term interests of the shareholders are 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 new financial year.

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.
- Review of Board minutes of material subsidiaries.
- Detailed analysis on the Steel Market Position and Economic Scenario
- Delegation of Authority and renewal thereof, etc.

#### 2.4 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.

#### 2.5 Minutes of the Board Meetings

The 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 signature of the Chairman is obtained.

#### 2.6 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. The Company Secretary ensures the flow of necessary information and feedback from the Board to the respective departments. Observations made by the Board are sent to respective functional heads for follow up and implementation.

#### 2.7 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. The Company endeavors to comply voluntarily with Secretarial Standards prescribed by the Institute of Company Secretaries of India.

#### 2.8 Attendance of each Director at the Board of Directors' meetings held during 2013-14 and at the last Annual General meeting

During the year 2013-14, the Board met 6 (six) times on 29.05.13, 14.08.2013, 27.08.2013, 11.11.2013, 12.02.2014, 21.03.2014. The Annual General Meeting for the financial year ended 31.03.2013 was held on 29.07.2013.

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 2013-14 are furnished in the table given below:

| Name of Directors       | Category                  | Attendance |     | Number of Directorships and committee memberships/ chairmanships. |                      |                        |
|-------------------------|---------------------------|------------|-----|---|----------------------|------------------------|
|                         |                           | Board      | AGM | Other Directorship  | Committee Membership | Committee Chairmanship |
| Shri.G.R.Surana         | Promoter Executive        | 1          | Yes | 3   | -                    | -                      |
| Shri.Dineshchand Surana | Promoter Executive        | 6          | Yes | 6   | 2                    | -                      |
| Shri.V.M.Swami          | Executive                 | 2          | Yes | 2   | 2                    | -                      |
| Shri.Krishna Udupa      | Executive                 | 3          | Yes | Nil   | 2                    | -                      |
| Dr.B.Samal              | Independent Non-Executive | 3          | Yes | 14  | 2                    | 2                      |
| Dr.S.K.Gupta            | Independent Non-Executive | 3          | No  | 6   | 6                    | 1                      |
| Shri.K.N. Prithviraj    | Independent Non-Executive | 3          | Yes | 12  | 1                    | -                      |
| Shri.V.Aranganathan     | Executive                 | 5          | Yes | 2   | -                    | -                      |
| Shri.B.S.Patil          | Independent Non-Executive | 2          | Yes | 8   | 4                    | 3                      |
| Shri.G.A.Tadas          | Nominee                   | 4          | No  | 1   | -                    | -                      |
| Smt.S.Usha              | Nominee                   | 6          | Yes | 4   | 5                    | -                      |

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

#### 2.9 Details of Directors seeking appointment / re-appointment in the 23<sup>rd</sup> Annual General meeting:

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

Age : 68 years

Qualification: M.A., CAIIB

Present Position: Independent Director

Experience: He has served as the as Chairman and Managing Director Oriental Bank of Commerce. He has also served in the capacity of Executive Director for United Bank of India. He has a cumulative experience of over four decades in the banking industry. He is also the nominee of SUTTI on the Board of Directors of Axis Bank Ltd.

2.9.2 Name: **Dr. B. Samal**

Age : 72 years

Qualification : M.Sc. Ph.D

Present Position : Independent Director

Experience : He has previously served as the Chairman 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.

2.9.3 Name : **Dr. S.K Gupta**

Age : 75 years

Qualification : B.Sc (Met Engg). Ph.D; D.Sc

Present Position : Independent Director

Experience : 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 has been an advisor to the Government of India and Ministry of Steel. He was recently conferred with the life time achievement award by the Government of India for his invaluable contributions in the field of metallurgy

3.1 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.

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

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

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

- a. Financial performance of the Company
- b. Payment of dues to Institutions, both interest and principal
- c. Payment of Government dues, such as customs duties, excise duties, sales tax, income tax, etc.
- d. Inter-Corporate Investments
- e. Policies relating to award of contracts, purchase and
- f. sale of raw materials, finished goods, etc.
- g. 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.
- h. The Audit Committee was re-constituted by the board on 11.11.2013. The Audit Committee met 4 times during the year under review i.e. 29.05.2013, 14.08.2013, 11.11.2013, 12.02.2014.

The present Audit Committee consists of the following members

### 3. AUDIT COMMITTEE

The Company has an Audit Committee with the scope of activities as set out in clause 49 of the Listing Agreement with the Stock Exchanges read with the provisions of the Companies Act, 1956 and Companies Act, 2013. The broad terms of reference of the Audit Committee are as under:

| Name of the Member           | No. of Meetings Attended |
|------------------------------|--------------------------|
| Dr.B.Samal- Chairman         | 3                        |
| Dr.S.K.Gupta- Member         | 3                        |
| Shri.K.N. Prithviraj- Member | 3                        |
| Shri.Krishna Udupa- Member   | 2                        |
| Smt.S.Usha- Member           | 1                        |



The Chairman of the Audit Committee has attended the last Annual General Meeting held on 29.07.2013

#### 4. SHARE TRANSFER COMMITTEE

The company has a Share Transfer Committee and Investor Grievance Committee to specifically look into matter relating to Share Transfers, redressal of shareholders grievances.

The Share Transfer 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,
- all other matters related to shares/ debentures.

The Share Transfer Committee was re-constituted by the Board of Directors on 27th August 2013. The committee comprises of two directors viz. Shri. Dineschand Surana and Shri.V. Aranganathan.

During the year ended 31<sup>st</sup> March, 2014 the Share Transfer Committee met 2 times during the year under review i.e. 30.09.2013, 12.11.2013 and approved Share Transfers (both Physical and Demat) and splitting / transmission of shares

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 2014.

#### 5. STAKE HOLDERS RELATIONSHIP COMMITTEE

The Shareholder/Investor grievance Committee was tasked to monitor expeditious redressal of investors' grievance. The Investor Grievance Committee comprises of three directors, Shri. Dr. S.K.Gupta, Dr. B.Samal and Shri. Krishna Udupa. During the year the Shareholders/ Investor Grievance committee met on 21<sup>st</sup> March 2014. During the year NIL investor grievance were received and resolved.

The 'Stakeholders Relationship Committee' (SR Committee) was constituted by the Board on 30<sup>th</sup> May 2014 consequent to the dissolution of the 'Shareholders'/Investors' Grievance Committee'. The SR Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider

Trading.

The SR Committee's composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

#### 6. REMUNERATION COMMITTEE

The Board has formed a remuneration committee of Directors, to consider and fix the remuneration payable to the Managing Director/Whole time Directors. The remuneration committee also decides the remuneration policy, fixes remuneration of Key managerial personnel and reviews performance of Directors and Key managerial personnel.

The Remuneration Committee comprises of 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 Dr. S.K.Gupta, Shri. K. N.Prithviraj and Shri. Dineschand Surana as its members. One meeting was held during the year on 12.02.2014.

#### Executive Directors

| Name               | Salary (Rs.in lakhs) | Perquisite and allowances  |
|--------------------|----------------------|--|
| G. R. Surana       | 36.00                | Company's contribution to PF, Bonus Gratuity, Medical, leaveencashment, LTC, telephone charges, Car with driver. |
| Dineshchand Surana | 36.00                |  |
| V.M Swami          | 31.75                |  |
| Krishna Udupa      | 24.00                |  |
| V. Aranganathan    | 25.40                |  |

Due to the heavy losses incurred by the Company, the Promoter Directors viz. Shri. G.R. Surana & Shri. Dineshchand Surana, have waived their salary. Further, the remuneration for professional directors is restricted to the limits specified under Schedule XIII of the Companies Act, 1956.

#### Non- Executive Directors

The company pays sitting fees of Rs.10,000/- to the Non- Executive Directors for each Board Meeting and conveyance is reimbursed on actual incurred. The sitting fees was revised by the Remuneration Committee to Rs. 20,000/- and subsequently approved by the Board of Directors at their meeting held on 12.02.2014

| Name of the Independent director | Gross Sitting fees (In Rs) |
|----------------------------------|----------------------------|
| Dr.B.Samal                       | 47,500                     |
| Dr.S.K.Gupta                     | 37,500                     |
| Shri.K.N. Prithviraj             | 37,500                     |
| Shri.B. S Patil                  | 30,000                     |
| Smt.S.Usha- IFCI Ltd             | 82,500                     |
| Shri. G. A. Tadas- IDBI Bank Ltd | 40,000                     |
| <b>Total Sitting fees paid</b>   | <b>2,75,000</b>            |

## 7. CORPORATE SOCIAL RESPONSIBILITY & GOVERNANCE COMMITTEE

The Corporate Social Responsibility and Governance (CSR&G) Committee was constituted by the Board on 21<sup>st</sup> March 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee. The Board also empowered the Committee to look into matters related to sustainability and overall governance. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy', observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary.

### Composition of the Committee:

The committee comprises of the following members:

Shri. K.N Prithviraj- Chairman

Shri. Krishna Udupa-Member

Shri. Dineshchand Surana- Member

The terms of reference are in accordance with the Companies Act 2013 & the rules framed thereunder.

## 8. GENERAL BODY MEETINGS

### 8.1 Details of previous Annual General Meetings (last 3 years)

| Year      | Location  | Day/Date             | Time       |
|-----------|---|----------------------|------------|
| 2010-11   | GRT Grand, No.120 Thiyagaraya Road, T.Nagar   | 10.06.2011, Thursday | 10.15 a.m  |
| 2011-2012 | GRT Grand, No.120 Thiyagaraya Road, T.Nagar, Chennai -17                                      | 10.07.2012, Thursday | 10.15 a.m. |
| 2012-2013 | The Music Academy, "Kasturi Srinivasan Hall" No.168, T T K Road, Royapettah, Chennai-600 014. | 29.07.2013, Monday   | 11.00 a.m. |

#### 8.1.1 Special Resolutions

8.1.1.1 At the 20<sup>th</sup> Annual General

Meeting held on 10<sup>th</sup> June 2011, no special resolutions were passed.

8.1.1.2 At the 21<sup>st</sup> Annual General Meeting held on 10<sup>th</sup> July 2012, no special resolutions were passed.

8.1.1.3 At the 22<sup>nd</sup> Annual General Meeting held on 29<sup>th</sup> July 2013, no special resolutions were passed.

### 8.2 Details of previous Extra-ordinary General Meetings (last 3 years)

No EGM were held during last 3 years and no special resolutions were passed.

### 8.3 Details of Postal Ballots

No resolutions were passed by Postal ballot during the financial year 2013-14.

## 9. DISCLOSURES

9.1 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.

9.2 There has been no instance of non-compliance on any matter relating to the capital market or the Listing Agreements.

## 10. MEANS OF COMMUNICATION

10.1 The quarterly, half yearly and annual results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors.

10.2 The unaudited quarterly financial results of the company were published in the English newspapers viz. Trinity Mirror and the Tamil version in a Tamil daily viz. Makkalkural. The financial results are also uploaded on the Company's website (www.suranaind.com). Details of quarterly results published during FY 2013-14 are given below:



| Quarter ending     | Date of Board meeting | Date of Publication | Name of the News paper                                     |
|--------------------|-----------------------|---------------------|--|
| June 30, 2013      | 14.08.2013            | 16.08.2013          | Trinity Mirror – English Daily & Makkal Kural- Local Daily |
| September 30, 2013 | 11.11.2013            | 12.11.2013          | -do-   |
| December 31, 2013  | 12.02.2014            | 13.02.2014          | -do-   |

### 10.3 Annual Report

Annual Report containing inter-alia audited standalone, consolidated Financial Statements, Directors Report, Auditors Report and other important information are circulated to the Members and others who are entitled to receive.

The Annual report is sent by email to all those members whose email-id's are registered and physical copies are sent to the others. In case members have requested a physical copy, the same is provided free of cost. Members are requested to update their email id's with their Depository participants. Those holding physical shares are also requested to update their email id's with the Registrar and Share transfer agents. The Annual Report is also available on the Company's Website ([www.suranaind.com](http://www.suranaind.com))

10.4As required under Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is annexed to the annual report.

## 11. GENERAL SHAREHOLDER INFORMATION

### 11.123<sup>rd</sup> Annual General Meeting

Date and Time: 18th July 2014, at 9.30 A.M  
Venue: The Music Academy, Chennai,  
No.168 T.T.K. Road, Royapettah, Chennai - 600 014

### 11.2 Financial Calendar

11.2.1 Financial Year: 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

| Financial Reporting for the quarter ending | Tentative Dates                      |
|--|--------------------------------------|
| June 30, 2014                              | 1 <sup>st</sup> week of August 2014  |
| September 30, 2014                         | 3 <sup>rd</sup> week of October 2014 |
| December 31, 2014                          | 4 <sup>th</sup> week of January 2015 |
| March 31, 2015                             | 2 <sup>nd</sup> week of May 2015     |

11.2.2 24<sup>th</sup> Annual General Meeting: July 2015.

### 11.3 Book closure

The Register of Members and Share transfer books shall be closed from 18<sup>th</sup> June 2014 to 20<sup>th</sup> June 2014 (both days inclusive). The cut-off date for the purpose of e-voting is 20<sup>th</sup> June 2014.

### 11.4 Listing Details

The Company's shares are listed on the following stock exchanges

| Name of the Stock exchange   | Scrip Id  |
|--|-----------|
| Bombay Stock Exchange Limited (BSE)<br>P J Towers, Dalal Street,<br>MUMBAI – 400 001   | SURANAIN  |
| National Stock Exchange Limited (NSE)<br>Exchange Plaza, Plot C1<br>G Block Bandra-Kurla<br>Complex<br>Bandra (E) Mumbai - 400 051 | SURANAIND |
| Madras Stock Exchange Limited (MSE) Exchange Building # 11,<br>Second Line Beach,<br>Chennai 600 001                               | SURANAIND |

ISIN- INE 659D01019

### 11.5 Listing fees

Annual Listing fees for the year 2013-14 have been duly paid to all stock exchanges where Company shares are listed. The listing fees for the year 2014-15 shall be paid with the due date.

### 11.6 Depository Fees

Annual Custody/Issuer fee for the year 2014-15 shall be paid by the Company to NSDL and CDSL within due dates.

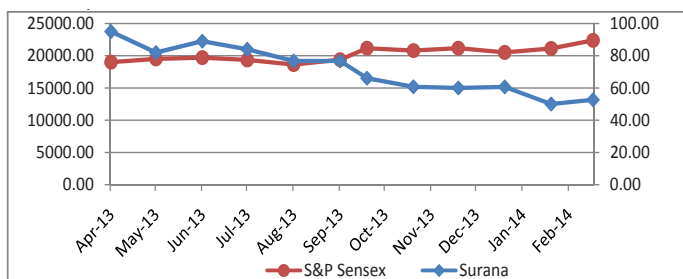
### 11.7 Stock Market Data

(Price in Rs.)

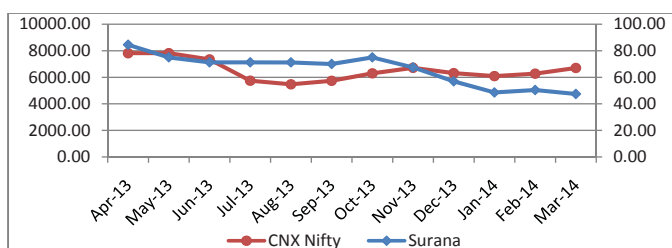
| Month          | BSE    |       |        | NSE    |       |        |
|----------------|--------|-------|--------|--------|-------|--------|
|                | High   | Low   | Volume | High   | Low   | Volume |
| April 2013     | 110.00 | 79.00 | 11747  | 109.15 | 80.35 | 8887   |
| May 2013       | 99.75  | 78.00 | 166    | 80.50  | 74.10 | 1378   |
| June 2013      | 90.25  | 74.25 | 183    | 75.00  | 71.00 | 1517   |
| July 2013      | 93.00  | 80.00 | 178    | 75.00  | 75.00 | 177    |
| August 2013    | 80.00  | 76.75 | 60     | 71.25  | 71.20 | 145    |
| September 2013 | 80.80  | 76.75 | 60     | 70.00  | 67.65 | 25     |
| October 2013   | 80.80  | 62.95 | 107398 | 75.00  | 66.50 | 1119   |
| November 2013  | 69.35  | 69.30 | 45915  | 71.25  | 67.45 | 628    |
| December 2013  | 64.00  | 54.90 | 1442   | 64.95  | 54.25 | 1864   |
| January 2014   | 66.10  | 54.00 | 2087   | 65.50  | 48.55 | 3751   |
| February 2014  | 57.65  | 47.05 | 222    | 53.10  | 46.10 | 355    |
| March 2014     | 52.05  | 44.15 | 7454   | 52.90  | 43.00 | 2542   |

### 11.8 Share price performance in comparison to broad based indices

#### 11.8.1 Comparison with S&P Sensex



#### 11.8.2 Comparison with CNX Nifty



### 11.9 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

### 11.10 Distribution of shareholding as on 31<sup>st</sup> March 2014

| Shareholding (Range) | Number of share holders | %          | Total Shares    | %          |
|----------------------|-------------------------|------------|-----------------|------------|
| Upto 500             | 1631                    | 86.29      | 149409          | 0.35       |
| 501 - 1000           | 66                      | 3.49       | 53070           | 0.12       |
| 1001 - 2000          | 48                      | 2.53       | 76222           | 0.18       |
| 2001 - 3000          | 42                      | 2.22       | 109044          | 0.25       |
| 3001 - 4000          | 19                      | 1.00       | 66337           | 0.15       |
| 4001 - 5000          | 14                      | 0.74       | 64256           | 0.14       |
| 5001 - 10000         | 21                      | 1.15       | 160335          | 0.36       |
| 10001 & above        | 49                      | 2.60       | 43840394        | 98.47      |
| <b>Total</b>         | <b>1890</b>             | <b>100</b> | <b>44519067</b> | <b>100</b> |

### 11.11 Shareholding pattern as on 31<sup>st</sup> March 2014

| Category                                 | No. of share holders | No. of shares held | % to total |
|--|----------------------|--------------------|------------|
| Promoters, Directors and their relatives | 15                   | 20340009           | 45.68      |
| Non-Resident Indians.                    | 34                   | 1865513            | 4.19       |
| Hindu Undivided family                   | 66                   | 59928              | 0.14       |
| Insurance Companies                      | 0                    | 0                  | 0          |
| Foreign Institutional Investors.         | 4                    | 688665             | 1.55       |
| Bodies Corporate                         | 91                   | 9651602            | 21.67      |
| Foreign Corporate Bodies                 | 3                    | 11069067           | 24.86      |
| Individuals                              | 1668                 | 843562             | 1.91       |
| Mutual Fund                              | 0                    | 0                  | 0          |
| Clearing Members                         | 9                    | 721                | 0.002      |
| <b>Total</b>                             | <b>1890</b>          | <b>44519067</b>    | <b>100</b> |

### 11.12 Dematerialisation of shares as on 31<sup>st</sup> March 2014

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   | 918255        | 2.06               |
| NSDL            | 34593947      | 77.70              |
| CDSL            | 9006865       | 20.24              |
| Total           | 44519067      | 100.00             |

### 11.13 Plant Locations

#### 11.13.1 Factory

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

#### 11.13.2 Works

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

#### 11.14 Address for Correspondence: Registered & Corporate office

No.29, Whites Road, 2<sup>nd</sup> Floor, Royapettah, Chennai-600014

Tel: 044-28525127(3 lines); Fax: 044-28521143

e-mail: surana@suranaind.com; secretarial @suranaind.com

### 12. RECONCILIATION OF SHARE CAPITAL AUDIT:

M/s. S. Ganesh & Associates, Practicing Company Secretaries 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.

### 13. NON- MANDATORY REQUIREMENTS

**13.1 Remuneration committee:** The Company has constituted a Remuneration Committee with terms of reference outlined in point No.5

**13.2 Shareholders right:** The company has not sent the Quarterly / half yearly results to the house hold of each shareholder but the same are posted on the website of the company, ie. www.suranaind.com

**13.3 Audit qualifications:** Covered in the Directors report

**13.4 Whistle blower policy:** The Audit Committee has not received any complaint from its employee under Whistle Blower policy.

### 14. PARTICULARS OF UNCLAIMED DIVIDEND

Unclaimed and unpaid dividends are transferred to the Investor Education & Protection Fund of the Central Government. The Unpaid and unclaimed dividend balances for the year 2005-06 were duly transferred to the IEPF within the due dates. The details of Unpaid and unclaimed dividend balances are provided hereunder:

| 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.) |
|----------------|---------------------------------|--|--|-----------------------------------|------------------------------------|
| 2006-07        | 30.06.2007                      | 30.07.2007                                   | 29.07.2014                             | 30.07.2014                        | 1,93,597                           |
| 2007-08        | 31.05.2008                      | 30.06.2008                                   | 30.06.2015                             | 30.06.2015                        | 1,88,163                           |
| 2008-09        | 04.07.2009                      | 02.08.2009                                   | 03.08.2016                             | 02.08.2016                        | 1,35,246                           |
| 2009-10        | 10.06.2010                      | 17.07.2010                                   | 16.07.2017                             | 17.07.2017                        | 2,94,286.50                        |
| 2010-11        | 10.06.2011                      | 17.07.2011                                   | 16.07.2018                             | 17.07.2018                        | 3,04,534                           |
| 2011-12        | 10.7.2012                       | 17.08.2012                                   | 16.08.2019                             | 17.08.2019                        | 1,03,094                           |

Members may view the shareholder wise details which are available on the Company's website www.suranaind.com

### 15. DECLARATION ON COMPLIANCE OF THE CODE OF CONDUCT

To the Members of Surana Industries Limited

The company has framed a specific code of conduct for the members of the Board of Directors and the Senior Management personnel of the company pursuant to Clause 49 of the Listing Agreement with the stock exchanges to further strengthen Corporate Governance practices in the company. The same is available on the Company's website (www. suranaind. com)

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, 2014.

For and on behalf of the Board  
Surana Industries Limited  
Sd/-

Place : Chennai  
Date : 30.05.2014

Dineshchand Surana  
Managing Director  
DIN : 00007032

Krishna Udupa  
Director - Project  
DIN : 00009806

**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 31,2014 and the Balance sheet of the Company as at March 31,2014 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: 30.05.2014

Signed  
Krishna Udupa  
Director Rojects  
Dated: 30.05.2014

**Corporate Governance Compliance CertificateTo**

**The Members of Surana Industries Ltd**

We have examined all relevant records of Surana Industries Ltd for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd for the financial year ended 31<sup>st</sup> March 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purpose 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.
- b. the following non-mandatory requirements of the clause 49- Constitution of Remuneration Committee.

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

**Chartered Accountants**

**C.S. Prithviraj Jain**

**Proprietor**

**M No: 11529**

**Firm No: 001227S**



**INDEPENDENT AUDITORS' REPORT**

**To the Members of Surana Industries Limited**

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. Surana Industries Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**4. Basis for Qualified Opinion**

The company's financing arrangements for the Beneficiation and Pelletisation Project under the CDR package is required to be tied up before 31<sup>st</sup> December 2014. The promoters are also required to infuse equity in terms of the Corporate Debt Restructuring package for the Beneficiation and Pelletisation Project. The timely tying up of finance and equity are crucial for completion of the project.

**5. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of matter described in the Basis for Qualified Opinion paragraph**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**6. Emphasis of Matter**

1. We draw to attention to note no 38 to the financial statements, regarding the non-provision for diminution in value of long term unquoted investments made in Surana Power Limited, as the ongoing 210 X 2 MW power plant project is stalled for want of fresh equity and finance. The company believes that equity and finance required for the project would be infused during FY 2014-15 and the diminution in the investment value is temporary in nature.
2. We draw attention to note no 40 to the financial statements, regarding non provision for impairment of assets as per Accounting Standard 28, as the Raichur unit did not function for major period during the year. On the basis of the valuation of fixed assets certified by the certified valuer, the fair value of assets is more than the book value of assets. Hence the company did not make any provision.
3. We draw attention to note 41 of the financial statement where in the company has not claimed depreciation on the assets pertaining to Raichur Integrated Steel Complex.



4. The company has retrenched all the employees, who were working at Raichur Integrated Steel Complex on 31<sup>st</sup> March 2014 and we were informed that the company would be engaging the contractors for running the plant. (Also refer note no 23 to the Financial Statements).

Our opinion is not qualified in respect of the above matters.

## **7. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. **except for the effects of the matter described in the Basis for Qualified Opinion paragraph**, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

- d. **except for the effects of the matter described in the Basis for Qualified Opinion paragraph**, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**C.S.Prithviraj Jain  
Proprietor  
M.N.11529  
Firm No.001227S**

**Place: Chennai  
Date : 30.05.2014**

**ANNEXURE REFERRED TO IN PARAGRAPH 7 OF OUR REPORT OF EVEN DATE**

- i. a. The Company is maintaining proper Records showing full particulars, including quantitative details and situation of Fixed Assets.
- b. Major Fixed Assets were physically verified during the year by the Management, with a programme of verification which in our opinion provides for physical verification of all the fixed assets at reasonable intervals.
- c. As per information and explanations given to us, substantial amount of Fixed Assets have not been sold during the current year affecting the Going concern assumption.
- ii. In respect of its inventory:
- (a) According to the information and explanations given to us, the inventories were physically verified during the year by the Management at reasonable intervals. Also the Material discrepancies have been properly dealt with in the books of accounts.
- (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 inventories.
- iii. According to information and explanations given to us, the company has not granted / received any loans to parties / companies covered under register maintained under section 301 of the Companies Act, 1956.
- 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 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 Internal Controls.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under Sections 58A and 58AA of the Companies Act, 1956.
- vi. In our opinion, the Company has an adequate Internal Audit System commensurate with the size of the company and the nature of its business.
- vii. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of steel, pursuant to the Rules made by the Central Government for 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.
- viii. a) According to the information and explanations given to us, the Company has delayed in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Sales Tax, Service Tax, Customs Duty, Excise Duty, Income Tax, 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 undisputed amounts payable in respect of Service Tax of Rs.3,60,402/-, Employee Provident Fund of Rs.13,59,642/-, income tax of Rs.7.50 crores .Professional Tax of Rs.37,800/- Vat Rs.1,90,78,537/- and TDS & TCS of Rs.32,59,880/- were in arrears as at 31.3.2014 for a period of more than six months from the date of becoming payable. However the amounts have been subsequently remitted.
- c) As per the information and explanation given to us, the details of dues of sales tax, customs duty, income tax ,excise duty and cess which has not been deposited as on 31 st march 2014 on account of dispute has been detailed below:

| Name of the Statue (Nature of the dues)   | Period to which Amount relates | Forum where matter is pending   | Amount   |
|---|--------------------------------|---|--|
| <b><u>Excise Department</u></b>   |                                |   |  |
| Compounded levy demanded by the Department from Sep 1997 to Mar 2000 under Rule 5 of Hot Re-rolling Steel Mills annual capacity determination (amended Rule 1997) | 1997-2000                      | Hon'ble High Court of Chennai   | Rs.93,88,727 (paid Rs.33,48,742/- as deposit in the year 2004-05)        |
| Rebate Claim  | 1999-2000                      | Hon'ble High Court of Chennai   | Rs. 2,868,511  |
| Shortage of Material  | 2006                           | Commissioner of Central Excise, Commissionerte II, Chennai                        | Rs.88,32,710 (This amount was fully paid during 2007-08)                 |
| Supply to SEZ Developers  | 2010                           | Commissioner of Central Excise, Commissionerte II, Chennai                        | Rs. 50,359,737   |
| Detention of Material   | 2010                           | Commissioner of Central Excise, Commissionerte I, Chennai                         | Rs. 15,000,000   |
| Reversal of Cenvat Credit   | 2011                           | CESTAT, Bangalore   | Rs. 117,632,904  |
| Levy of Penalty by Addl. Commissioner of Central Excise   | 2013                           | Appeal will be filed before CESTAT, Bangalore                                     | Rs. 2,800,000  |
| <b><u>Customs Department</u></b>  |                                |   |  |
| Penalty levied by DRI   | 2000-03                        | Hon'ble High Court, Chennai   | Rs. 10,000,000   |
| Misclassification of Material   | 2005-06                        | Hon'ble Supreme Court   | Rs. 13,829,000   |
| <b><u>Income Tax Department</u></b>   |                                |   |  |
| Disallowance of Lease Rent paid to NBFCs  | 1996-97 to 1997-98             | Won the Case before ITAT, pending before the assessing officer for revision order | Rs.66,60,190/- (Out of this paid Rs.32,31,967/- during the year 2006-07) |
| <b><u>Sales Tax Department</u></b>  |                                |   |  |
| Reversal of Input VAT credit on sales made to SEZ developers, Tax on Conversion Charges & Form C & Form F   | 2006-07 to 2010-11             | Writ filed before Hon'ble High Court of Madras                                    | Rs.18,95,18,342/-  |
| KVAT disputed disallowance of input tax credit on purchase of iron and steel and other items for fabrication of machinery items and structural                    | 2007-08 & 2008-09              | Pending before sales tax tribunal Gulbarga  | Rs.72,94,227/-   |
| Disallowance of ITC for non-discharges of tax liability by the supplier.  | 2010-11                        | Pending before sales tax tribunal Gulbarga  | Rs.8,58,052/-  |

- ix. The accumulated losses of the company at the end of the financial year are not more than fifty percent of the Networth. The company has incurred Cash loss during the current financial year of our audit. There was no cash loss in the immediately preceding financial year.
- x. According to information and explanations given to us, the bankers and financial institution have restructured the loans/debts during the year. We are informed by the company that all the facilities availed by the company have been classified as "Standard" by the lenders as at the Balance sheet date. Except for IFCI which has classified the advances as NPA.
- xi. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. The provisions of clause 4 (xiii) of the Order relating to Chit Funds are not applicable to the Company.
- xiii. The Company is not dealing or trading in Shares, Security, Debentures and Other Investments.
- xiv. According to the information and explanations given to us, the Company has given Guarantee for loans taken by M/s. Surana Green Energy limited to IFCI venture capital funds Limited for sanction of Loan amount of Rs 12.5 crores and to State bank of india for sanction of term loan of Rs.24 crores against the windmill. The amount outstanding as on 31.03.2014 is Rs.10.34 crores and Rs.18.33 crores respectively. The company's maximum liability is to the extent of Loan amount and accumulated outstanding Interest.
- xv. 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 purpose for which the loans were obtained, other than temporary deployment pending application.
- xvi. 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.
- xvii. According to the information and explanations given to us, the Company has not made preferential allotment of Shares to parties covered under section 301.
- xviii. The Company has not issued debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
- xix. The Company has not made public issue of securities during the year and therefore the question of disclosing the end-use of money raised by way of public issue does not arise.
- xx. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of material fraud on or by the company, noticed or reported during the year.

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

**C.S.Prithviraj Jain  
Proprietor  
M.N.11529  
Firm No.001227S**

**Place: Chennai  
Date :30.05.2014**



**BALANCE SHEET AS ON 31ST MARCH 2014**

| S.No.      | PARTICULARS                        | NOTE NO. | 31st Mar 2014         | 31st Mar 2013         |
|------------|------------------------------------|----------|-----------------------|-----------------------|
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>      |          |                       |                       |
| <b>1</b>   | <b>Shareholders' funds</b>         |          |                       |                       |
|            | (a) Share capital                  | 1        | 445,190,670           | 445,190,670           |
|            | (b) Reserves and surplus           | 2        | 8,983,715,984         | 10,508,457,596        |
| <b>2</b>   | <b>Non-current liabilities</b>     |          |                       |                       |
|            | (a) Long-Term borrowings           | 3        | 9,005,903,831         | 5,663,993,492         |
|            | (b) Deferred tax liabilities (Net) |          |                       | 758,548,728           |
|            | (c) Other Long term liabilities    | 4        | 69,180,157            | 594,482,651           |
|            | (d) Long-Term Provisions           | 5        | 339,727,282           | 18,833,582            |
| <b>3</b>   | <b>Current liabilities</b>         |          |                       |                       |
|            | (a) Short-term borrowings          | 6        | 3,359,323,043         | 3,437,152,017         |
|            | (b) Trade payables                 | 7        | 1,698,855,763         | 1,213,831,680         |
|            | (c) Other current liabilities      | 8        | 30,290,305            | 584,428,153           |
|            | (d) Short-term provisions          | 9        | 77,037,507            | 127,317,553           |
|            | <b>Total</b>                       |          | <b>24,009,224,541</b> | <b>23,352,236,123</b> |
| <b>II.</b> | <b>ASSETS</b>                      |          |                       |                       |
|            | <b>Non-current assets</b>          |          |                       |                       |
| <b>1</b>   | (a) Fixed assets                   | 10       |                       |                       |
|            | (i) Tangible assets                |          | 6,800,453,604         | 6,786,111,156         |
|            | (ii) Capital work-in-progress      |          | 2,287,183,347         | 1,875,377,212         |
|            | (b) Deferred tax assets (net)      |          |                       | 25,591,242            |
|            | (c) Long-term loans and advances   | 11       |                       | 2,664,297,116         |
|            | (d) Other Non-Investments          | 12       | 5,057,060,654         | 5,068,011,354         |
| <b>2</b>   | <b>Current assets</b>              |          | 2,503,180,079         |                       |
|            | (a) Current investments            | 13       | 99,960                | -                     |
|            | (b) Inventories                    | 14       | 2,997,126,041         | 2,987,743,666         |
|            | (c) Trade receivables              | 15       | 3,644,401,805         | 3,113,339,949         |
|            | (d) Cash and cash equivalents      | 16       | 72,255,925            | 254,836,575           |
|            | (e) Short-term loans and advances  | 17       | 610,921,184           | 613,469,795           |
|            | (e) Other current assets           |          | -                     | -                     |
|            | Significant Accounting policies    |          |                       |                       |
|            | Notes on financial Statements      | 1 to 43  |                       |                       |
|            | <b>Total</b>                       |          | <b>24,009,224,541</b> | <b>23,352,236,123</b> |

As per our report of even date attached

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

**For and on behalf of the Board**

**C.S.Prithviraj Jain**  
Proprietor  
M.No.11529  
Firm No.001227S

**G.R.Surana**  
**Dineshchand Surana**  
**Krishna Udupa**

Chairman  
Managing Director  
Director Projects

**Venkatraman**

Company Secretary

Place : Chennai  
Date : 30.05.2014

**PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED ON 31.03.2014**

(Amount in Rs.)

| S.No. | PARTICULARS   | NOTE NO. | 31st Mar 2014          | 31st Mar 2013         |
|-------|---|----------|------------------------|-----------------------|
| I.    | Revenue from operations   | 18       | 5,552,060,347          | 14,250,086,949        |
| II.   | Other income  | 19       | 30,250,861             | 54,343,065            |
| III.  | <b>Total Revenue (I + II)</b>   |          | <b>5,582,311,208</b>   | <b>14,304,430,014</b> |
| IV.   | <b>Expenses:</b>  |          |                        |                       |
|       | <b>Cost of materials consumed</b>   |          | -                      |                       |
|       | Raw Materials   |          | 4,378,860,014          | 802,426,617           |
|       | Purchases of Stock-in-trade   |          | 1,075,591,156          | 11,516,582,736        |
|       | Changes in inventories of finished goods                                  |          | 259,686,753            | (482,334,902)         |
|       | Employee benefits expense   | 20       | 129,332,426            | 184,883,437           |
|       | Finance costs   | 21       | 1,480,615,824          | 1,138,381,146         |
|       | Depreciation and amortization expense                                     | 10       | 319,279,168            | 390,309,683           |
|       | Other expenses  | 22       | 277,698,431            | 479,100,357           |
|       | <b>Total expenses</b>   |          | <b>7,921,063,772</b>   | <b>14,029,349,074</b> |
| V.    | <b>Profit before exceptional and extraordinary items and tax (III-IV)</b> |          | <b>(2,338,752,564)</b> | <b>275,080,940</b>    |
| VI.   | Exceptional items   |          | -                      | -                     |
| VII.  | <b>Profit before extraordinary items and tax (V - VI)</b>                 |          | <b>(2,338,752,564)</b> | <b>275,080,940</b>    |
| VIII. | Extraordinary Items   |          | -                      |                       |
| IX.   | <b>Profit before tax (VII- VIII)</b>                                      |          | <b>(2,338,752,564)</b> | <b>275,080,940</b>    |
| X     | <b>Tax expense:</b>   |          | <b>(784,139,970)</b>   | <b>172,591,751</b>    |
|       | (1) Current tax   |          | -                      | 77,882,747            |
|       | (2) Deferred tax  |          | (784,139,970)          | 145,598,978           |
|       | (3) Mat Credit Entitlement  |          | -                      | (50,889,974)          |
| XI    | <b>Profit/(loss) from operations (after tax)</b>                          |          | <b>(1,554,612,595)</b> | <b>102,489,189</b>    |
| XII   | Balance Brought Forward From Last Year                                    |          | 2,135,464,540          | 2,032,975,351         |
| XIII  | Amount Available for Appropriation  |          | 580,851,946            | <b>2,135,464,540</b>  |
| XIV   | <b>APPROPRIATION</b>  |          |                        |                       |
|       | (1) Proposed Dividend   |          | (31,163,347)           | 49,732,681            |
|       | (2) Corporate Dividend Tax  |          | (5,296,211)            | 8,308,157             |
|       | (3) General Reserve   |          | -                      | 10,248,919            |
| XV    | <b>Balance Carried To Balance Sheet</b>                                   |          | <b>617,311,504</b>     | <b>2,067,174,784</b>  |
| XIV   | <b>Earnings per equity share:</b>   |          |                        |                       |
|       | (1) Basic   |          | (34.92)                | 2.44                  |
|       | (2) Diluted   |          | (34.92)                | 2.44                  |
|       | Significant Accounting policies   |          |                        |                       |
|       | Notes on financial Statements   | 1 to 43  |                        |                       |

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

**For and on behalf of the Board**

**G.R.Surana**  
**Dineshchand Surana**  
**Krishna Udupa**

Chairman  
Managing Director  
Director Projects

**Venkatraman**

Company Secretary

Place : Chennai  
Date : 30.05.2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014**

(Amount in Rs.)

| Particulars   | 31 March, 2014         | 31 March, 2013         |
|---|------------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                             |                        |                        |
| Net Profit / (Loss) before extraordinary items and tax                    | (2,338,752,564)        | 275,080,940            |
| <i>Adjustments for:</i>   |                        |                        |
| Depreciation and amortisation   | 319,279,168            | 390,309,683            |
| (Profit) / loss on sale / write off of assets                             | 255,510                | 102,446                |
| Finance costs   | 1,480,615,824          | 1,138,381,146          |
| Interest income   | (3,910,142)            | (13,163,065)           |
| <b>Operating profit / (loss) before working capital changes</b>           | <b>(542,512,205)</b>   | <b>1,790,711,150</b>   |
| <i>Changes in working capital:</i>  |                        |                        |
| <i>Adjustments for (increase) / decrease in operating assets:</i>         |                        |                        |
| Inventories   | 9,382,375              | 23,679,396             |
| Trade receivables   | 531,061,856            | (841,715,960)          |
| Short-term loans and advances   | (2,548,611)            | (552,743,644)          |
| Long-term loans and advances  |                        |                        |
| Other current assets  | (2,551,079)            |                        |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i>    |                        |                        |
| Trade payables  | (485,024,082)          | 915,291,737            |
| Other current liabilities   | 604,417,894            | 135,759,588            |
| Other long-term liabilities   | 525,302,494            |                        |
| Short-term provisions   | 6,718,384              | 9,753,337              |
| Long-term provisions  | (320,893,700)          |                        |
| Cash flow from extraordinary items  |                        |                        |
| <b>Cash generated from operations</b>                                     | <b>(1,408,477,695)</b> | <b>2,100,686,696</b>   |
| Net income tax (paid) / refunds   | (7,102,104)            | 116,669,524            |
| <b>Net cash flow from / (used in) operating activities (A)</b>            | <b>(1,401,375,591)</b> | <b>1,984,017,172</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                             |                        |                        |
| Capital expenditure on fixed assets, including capital advances           | (626,416,377)          | (3,713,112,627)        |
| Proceeds from sale of fixed assets  | 68,786,334             | 1,297,565              |
| Purchase of long-term investments   |                        |                        |
| - Subsidiaries  | (10,950,700)           | (184,780,888)          |
| Interest received   |                        |                        |
| - Others  | 3,910,142              | 13,163,065             |
|   | <b>(564,670,600)</b>   | <b>(3,883,432,885)</b> |
| <b>Net cash flow from / (used in) investing activities (B)</b>            | <b>(601,130,161)</b>   | <b>(3,883,432,885)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                             |                        |                        |
| Proceeds from issue of equity shares                                      | 0                      | 1,357,336,967          |
| Proceeds from long-term borrowings  | 3,341,910,339          | 1,388,615,259          |
| Proceeds from other short-term borrowings                                 | (77,828,974)           | 425,015,883            |
| Finance cost  | (1,480,615,824)        | (1,138,381,146)        |
| Dividends paid  | -                      | (53,422,880)           |
| Tax on dividend   | -                      | -                      |
| <b>Net cash flow from / (used in) financing activities (C)</b>            | <b>1,819,925,099</b>   | <b>1,979,164,083</b>   |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>     | <b>(1,783,465,541)</b> | <b>79,748,370</b>      |
| Cash and cash equivalents at the beginning of the year                    | 254,836,575            | 175,088,205            |
| Effect of exchange differences on restatement of foreign currency         |                        |                        |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>72,255,922</b>      | <b>254,836,575</b>     |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet</b> |                        |                        |
| Cash and cash equivalents as per Balance Sheet (Refer Note 19)            | 72,255,925             | 254,836,575            |
| Less: Bank balances not considered as Cash and cash equivalents           | -                      | -                      |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow statement)    | 72,255,925             | 254,836,575            |
| Add: Current investments considered as part of Cash and cash              |                        |                        |
| <b>Cash and cash equivalents at the end of the year *</b>                 | <b>72,255,925</b>      | <b>254,836,575</b>     |
| * Comprises:  |                        |                        |

**Surana Industries Limited**

CIN:L27104TN1991PLC020533

**(Amount in Rs.)**

|   |                   |                    |
|---|-------------------|--------------------|
| (a) Cash on hand  | 297,042           | 994,359            |
| (b) Balances with banks                                     | -                 | -                  |
| (i) In current accounts                                     | 57,937,892        | 84,190,130         |
| (c) Others (specify nature)                                 | 14,020,991        | 169,652,086        |
| (d) Current investments considered as part of Cash and cash |                   |                    |
|   | <b>72,255,925</b> | <b>254,836,575</b> |

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**For and on behalf of the Board****G.R.Surana** Chairman  
**Dineshchand Surana** Managing Director  
**Krishna Udupa** Director Project  
**Venkatraman** Company SecretaryPlace : Chennai  
Date : 30.05.2014



## **SIGNIFICANT 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 manufactured and traded goods.

### **(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 on 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 incomes 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.

**(l) Earnings Per Share**

Basic Earnings per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company, by the no. of equity shares at the end of the year.

Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company, by the weighted average no. equity shares determined and assuming conversion all potential securities, if any.

**NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT & LOSS**

**Note 1 - SHARE CAPITAL**

|  | Year Ended 31/03/2014 |                    | Year Ended 31/03/2013 |                    |
|--|-----------------------|--------------------|-----------------------|--------------------|
|  | NO.                   | Values             | No.                   | Values             |
| Authorised<br>Equity Shares of Rs.10 each  | 70,000,000            | 700,000,000        | 70,000,000            | 700,000,000        |
| Issued<br>Equity Shares of Rs.10/- each  | 44,519,067            | 445,190,670        | 44,519,067            | 445,190,670        |
| Subscribed & Paid up<br>Equity Shares of Rs.10/- each fully paid                     | 44,519,067            | 445,190,670        | 44,519,067            | 445,190,670        |
| Subscribed but not fully Paid up<br>Equity Shares of Rs.10/- each, not fully paid up | -                     | -                  | -                     | -                  |
| <b>Total</b>   | <b>44,519,067</b>     | <b>445,190,670</b> | <b>44,519,067</b>     | <b>445,190,670</b> |

**Note 1 A - EQUITY SHARES**

|   | EQUITY SHARES 31/03/2014 |                    | EQUITY SHARES 31/03/2013 |                    |
|---|--------------------------|--------------------|--------------------------|--------------------|
|   | NO.                      | Rs.                | No.                      | Rs.                |
| Shares outstanding at the beginning of the year | 44,519,067               | 445,190,670        | 29,044,622               | 290,446,220        |
| Shares Issued during the year                   | -                        | -                  | 15,474,445               | 154,744,450        |
| Shares bought back during the year              | -                        | -                  |                          |                    |
| Shares outstanding at the end of the year       | <b>44,519,067</b>        | <b>445,190,670</b> | <b>44,519,067</b>        | <b>445,190,670</b> |

**Note 1 B - TOP SHAREHOLDERS (more than 5%)**

| NAME OF SHAREHOLDER      | Year Ended 31/03/2014 |              | Year Ended 31/03/2013 |              |
|--------------------------|-----------------------|--------------|-----------------------|--------------|
|                          | No. of Shares held    | % of Holding | No. of Shares held    | % of Holding |
| G.R.SURANA*              | 4,407,775             | 9.90%        | 2,356,625             | 5.29%        |
| SHANTILAL SURANA*        | 4,519,725             | 10.15%       | 2,377,008             | 5.34%        |
| VIJAYRAJ SURANA*         | 4,182,521             | 9.39%        | 2,376,743             | 5.34%        |
| DINESHCHAND SURANA*      | 3,989,736             | 8.96%        | 2,433,164             | 5.47%        |
| CHANDANBALA SURANA       | 206,250               | 0.46%        | 2,216,978             | 4.98%        |
| SARALADEVI SURANA        | 206,250               | 0.46%        | 2,234,978             | 5.02%        |
| ALKA SURANA              | 388,400               | 0.87%        | 2,182,578             | 4.90%        |
| VASANTHA SURANA          | 807,350               | 1.81%        | 2,176,578             | 4.89%        |
| INDIASTAR (MAURITUS) LTD | 9,669,067             | 21.72%       | 9,669,067             | 21.72%       |
| VINAYAGA INFRA LTD       | 2,523,311             | 5.67%        | 1,523,311             | 3.42%        |
| BLS POWER SOLUTION LTD   | 3,200,000             | 7.19%        | 2,200,000             | 4.94%        |

Note : Increase in shareholding of four founder promoters account of acquisition by way of inter se transfer amongst the promoters pursuant to an internal family arrangement.

**Note 2 RESERVES & SURPLUS**

(Amount in Rs.)

|   | 31st Mar 2014        | 31st Mar 2013         |
|---|----------------------|-----------------------|
| <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. Securities Premium Account</b>  |                      |                       |
| Opening Balance   | 7,999,711,599        | 3,245,498,896         |
| Add : Securities premium credited on<br>Share issue                                 | -                    | 4,754,212,703         |
| Less : Premium Utilised for<br>various reasons                                      | -                    | -                     |
| Premium on Redemption of<br>Debentures  | -                    | -                     |
| For Issuing Bonus Shares  | -                    | -                     |
| <b>Closing Balance</b>  | <b>7,999,711,599</b> | <b>7,999,711,599</b>  |
| <b>c. Revaluation Reserve</b>   |                      |                       |
| Opening Balance   | 64,651,679           | 71,240,255            |
| (+) Current Year Transfer   | -                    | -                     |
| (-) Written back in Current Year  | 6,588,576            | 6,588,576             |
| <b>Closing Balance</b>  | <b>58,063,103</b>    | <b>64,651,679</b>     |
| <b>d. General Reserves (Specify<br/>the nature and purpose of each<br/>reserve)</b> |                      |                       |
| Opening Balance   | 284,318,734          | 274,069,815           |
| (+) Capital Subsidiary Transfer   | -                    | -                     |
| (+) Current Year Transfer   | -                    | 10,248,919            |
| (-) Written back in Current Year  | -                    | -                     |
| <b>Closing Balance</b>  | <b>284,318,734</b>   | <b>284,318,734</b>    |
| <b>e. Surplus</b>   |                      |                       |
| Opening balance   | 2,067,174,783        | 2,032,975,351         |
| (+) Net Profit/(Net Loss) For the<br>current period                                 | (1,554,612,595)      | 102,489,189           |
| (+) Transfer from Reserves  | -                    | -                     |
| (-) Proposed Dividends  | (31,163,347)         | 49,732,681            |
| (-) Proposed Dividends Tax  | (5,296,211)          | 8,308,157             |
| (-) Transfer to Reserves  | -                    | 10,248,919            |
| <b>Closing Balance</b>  | <b>549,021,747</b>   | <b>2,067,174,784</b>  |
| <b>Total</b>  | <b>8,983,715,984</b> | <b>10,508,457,596</b> |



**Note 3 -LONG TERM BORROWINGS**

|  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| <b>Secured</b>   |                      |                      |
| <b>(a) Term Loans</b>                                  |                      |                      |
| from Banks (covered under CDR package)                 | 5,865,477,372        | 3,069,097,217        |
| from other   |                      |                      |
| IFCI*  | 1,908,961,248        | 1,635,131,064        |
| *(Subject to Confirmation from IFCI)                   |                      |                      |
|  | <b>7,774,438,620</b> | <b>4,704,228,281</b> |
| <b>Unsecured</b>                                       |                      |                      |
| <b>(a) Loans - ICD</b>                                 |                      |                      |
| (Interest Free ICD - Not guaranteed by the directors ) | 1,231,465,211        | 959,765,211          |
|  | <b>1,231,465,211</b> | <b>959,765,211</b>   |
| <b>Total</b>   | <b>9,005,903,831</b> | <b>5,663,993,492</b> |

**3.1 The Salient features of the package are as under:**

- a. Cut Off Date (COD) - 1<sup>st</sup> June 2013
- b. Sale of 280 acres of surplus land in Raichur in FY 2016 for approx Rs. 83.19 crores
- c. Holding on operations till implementation of the package.
- d. Other reliefs:
  - i. Non recovery of principal installments and interest payments from cut-off date till implementation of package.
  - ii. Payments towards working captial dues post cut-off date should be refunded back.
  - iii. Reduction in margin in stock and book debts to 15%.
  - iv. Increase in recievables period to 180 days.
  - v. Waiver of all penal /compound interest, liquidated damages charged since COD.
- e. Lenders sacrifice at Rs.130.22 crores: The Promoters have contributed Rs. 27.17 crores by way of unsecured loans from third parties. The Lenders/MI have sought issuance of shares to promoters in accordance with the SEBI regulations. This shall lead to change in paid up capital & changes in the shareholding pattern.

- f. The moratorium, funding of interest, reduction of interest rates and re-schedulment of loans, priority loan and term loan for expansion project is summarized under:

**(Rs. in Crores)**

| Facilities   | Outstanding | Interest Rate | Moratorium  | Period                               | Start Date       | End Date   |
|--|-------------|---------------|---|--------------------------------------|------------------|------------|
| Term Loan I  | 156.37      | 11.00%        | Principle and interest moratorium 25 months i.e. from June1,2013toJune30, 2015. Interest to be converted to FITL II                               | 31 Structured Quarterly Installments | September,2015   | March,2023 |
| Term Loan IFCI   | 53.33       | 11.00%        | Principle and interest Moratorium 25 months i.e. from June,12013 to June,30,2015 Interest to converted into Term Loan II                          | 31 Structured quarterly installments | September,2015   | March,2023 |
| Term Loan II(Pellet Project Loan)  | 184.77      | 11.00%        | Principal Moratorium 6 months from Revised DCCO i.e. April,2016 to converted to FITL VI. Interest to be serviced post DCCO.                       | 26 Structured Quarterly Installments | December,2016    | March,2023 |
| WCTL – I (Principal overdue of IFCI)   | 103.08      | 11.00%        | Principle Moratorium -25 Months from COD and interest to be converted to FITL III for the period of 25 months i.e. from June1,2013 to June30,2015 | 20 Structured Quarterly Installments | September 2015.  | June,2020  |
| WCTL-II (LC devolved (2.07)+Post COD Devolved(140.69)+CC irregularity 33.19) | 175.95      | 11.00%        | Principle Moratorium -25 Months from COD and interest to be converted to FITLIV for the Period of 25 months i.e. from June12013 to June30,2015.   | 20 structured quarterly installment  | September,2015   | June,2020  |
| FITL I – pre COD interest of IFCI  | 12.17       | 11.00%        | Principle Moratorium of 25 months from 1 <sup>st</sup> June,2013 to 30 <sup>th</sup> June,2015 interest to be paid as and when due.               | 2 structured Annual installments     | June,2014        | June,2015  |
| Funded Interest Term Loans II – interest on TL I and IFCI loan.              | 48.06       | 11.00%        | Principle Moratorium of 25 months from 1 <sup>st</sup> June,2013 to 30 <sup>th</sup> June,2015. Interest to be paid as and when due.              | 19 Structured Quarterly Installments | September 2015   | March,2020 |
| FITL III-interest funding on WCTL I  | 23.62       | 11.00%        | Principle moratorium of 25 months from 1 <sup>st</sup> June,2013 to 30 <sup>th</sup> June,2015. Interest to be paid as and when due.              | 19 Structured Quarterly Installments | September 2015   | March,2020 |
| FITL IV-Interest funding on WCTL II  | 37.53       | 11.00%        | Principle Moratorium of 25 months from 1 <sup>st</sup> June,2013 to 30 <sup>th</sup> June,2015. Interest to be paid as and when due.              | 19 Structured Quarterly Installments | September 2015 . | March,2020 |

|   |                |        |  |                                      |                |            |
|---|----------------|--------|--|--------------------------------------|----------------|------------|
| FITL V-interest funding on Working Capital. | 35.86          | 11.00% | Principle moratorium of 25 months from 1 <sup>st</sup> June,2013 to 30 <sup>th</sup> June,2013 to 30 <sup>th</sup> June,2015. Interest to be paid as and when due. | 19 Structured Quarterly Installments | September,2015 | March,2020 |
| FITL VI –interest on Pellet Project Loan    | 57.59          | 11.00% | Principle Moratorium of 34 months from COD till March,2016   | 16 Structured quarterly Installments | June 2016      | March,2022 |
| Priority Loan.*                             | 41.72          | 11.00% | Principle Moratorium of 34 months from COD till March,2016.  | 24 structured quarterly installments | June,2016      | March,2022 |
| Working Capital                             | 401.59         | -      | Subject to annual review<br>Fund Based Rs. 325.98 Crores<br>Non Fund Based Rs. 75.61 Crores.   |                                      |                |            |
| TOTAL                                       | 1331.62        | -      |  |                                      |                |            |
| Additional Loan**                           | 474.91         | 11.00% | Principle Moratorium 6 months from revised DCCO i.e. April, 2016 to Sep,2016.  | 26 Structured quarterly Installments | Dec,2016       | March,2023 |
| <b>TOTAL</b>                                | <b>1806.53</b> |        |  |                                      |                |            |

**Priority Loan: Rs. 41.72 crores**

This for balancing equipment in Rolling mill at Raichur and payment of pressing creditors for Capital goods. The above mentioned loan shall carry Rate of interest @ 11 % p.a and will be subject to annual review after 3 year period. The total required cash flow is Rs.55.62 crores and will funded in 3:1 ratio by the lenders and promoters.

**\*\*Additional Loan: Rs. 474.91 crores**

This is the balance requirement for pellet project loan which is yet to be tied up. The company is approaching various financial institutions for ECB. This is expected to take few months. Till such time the company has discussed with the vendors/ equipment suppliers/contractors, to continue the project with the existing advances paid to them and further advances/ payment against the running invoices would be paid to them by December 2014. The Company expects to complete the project by March 16 and the expected COD would be April 2016.

Promoters' contribution towards this project is amounting to Rs. 519 Crore, of which Rs. 188 Crore is already brought in till March 2013 (As per audited B/S). Balance Rs. 331 Crore shall be brought in over a period of 3 years on pro-rata disbursement by lenders. Promoters Contribution is proposed to be brought in through strategic investor (PE Tokyo Ventures Pte Ltd Singapore) and Divestment of SIL holding in group companies. The Company has already signed term sheet for Rs. 150 crores with Tokyo Ventures and is in advance stages of discussion with other investors for the balance.

Promoters are also exploring the possibility of JV partner to tie up the balance amount for the pellet project in the event this additional loan of Rs.474.91 crores does not materialize.

g. Apart from the above, the working capital limits under the package for 31.03.2015

Fund based (CC): Rs. 553.00 crores

Non fund based (LC): Rs. 139.82 crores

- h. Promoters Contribution: Higher of 25% of Bankers sacrifice or 2% restructured debt. This works out to Rs.32.55 crs, of this Rs.27.17 crores has been infused by way of interest free unsecured loans from business associates. The balance Rs.5.38 crores shall also be brought in by June 2014. These loans shall repaid by the promoters against fresh allotment of equity shares.

The total the promoter's contribution shall be Rs. 447.23 crores over 3 years as under:

Rs. Crore

| Particulars                                 | Total         | 31-Mar-14    | 31-Mar-15    | 31-Mar-16     |
|---|---------------|--------------|--------------|---------------|
| For Project under implementation –Raichur   | 331.24        | 7.71         | 212.16       | 111.37        |
| For Priority Term Loan for existing project | 13.91         | 13.91        | -            | -             |
| For sacrifice                               | 32.55         | 27.17        | 5.38         | -             |
| Working Capital                             | 69.53         | -            | 40.06        | 29.47         |
| <b>Total</b>                                | <b>447.23</b> | <b>48.79</b> | <b>257.6</b> | <b>140.84</b> |

Promoters' contribution is proposed to be brought in through strategic investors (PE investments by Tokyo Ventures Pte Ltd. Singapore) and Divestments of SIL holding in its group Companies. The Company has already signed a term sheet for Rs.150 crs and is in advanced stages of discussions with PE investors for the balance.

i. Security:

- i. WC: first charge on current assets & second charge on fixed assets
- ii. TL: First charge on fixed assets and second charge on current assets
- iii. Non-Disposal Undertaking (NDU) from promoters
- iv. Personal guarantee of 4 founder promoters

j. Additional security:

- i. Pledge of entire promoter shares.
- ii. Mortgage of the property located at No. 303, Ritual Park, Armugam Circle, Basavangudi, Bangalore- 560004.

k. Release of Security:

- i. Release of charge on 1 windmill asset (machine + land) which is proposed to be sold.
- ii. Release of promoter properties:
  - Agricultural land admeasuring 9.61 acres in village Vengapattu belonging to Shri. Shantilal Surana.
  - Agricultural land admeasuring 5.02 acres under S/no 4/1,2,4,5,6,8,9,10 in village Vengapattu belonging to Shri. Vijayraj Surana.
  - Agricultural land admeasuring 1.06 acres under S/no4/7 in village Vengapattu belonging to Shri. Vijayraj Surana.

- Immovable property belonging to Shri. Dineshchand Surana to extent of 5.3 acres at Ariyalur village, Arakkonam Taluk, Tamil Nadu.

i. Right to recompense is available to the lenders to the extent of Rs.620 crores. However, in the event of conversion of the principal, interest dues or part thereof into equity at a future date, the same shall not be reckoned for computation of recompense.

m. Implementation of the CDR Package

- i. The Company has signed the Master Restructuring Agreement and other relevant documents on 24<sup>th</sup> March, 2014.
- ii. The process of security creation is underway which the Company is required to complete on or before 18<sup>th</sup> June 2014.
- iii. The Balance promoter contribution of Rs. 5.38 crs (5%) and Rs. 13.91 crs (Priority loan) is expected by June 2014.
- iv. The lenders are required to refund Pre- COD interest/installments of Rs.25.54 crores. So far the banks have refunded Rs.5.92 crores as on date. Rs. 13.55 crs has been adjusted by the lenders toward processing fees, LC charges and FITL interest etc. We are actively following for the refund of the Balance Rs.6.07 crores.
- v. Working Capital limits of Rs. 75.61 crores for the previous year 2013-14 are also yet to be released by the lenders

**Note 4 - OTHER LONG TERM LIABILITIES**

| PARTICULARS   | 31st Mar 2014     | 31st Mar 2013      |
|---|-------------------|--------------------|
| (a) Trade Payables  | 69,180,157        | 594,482,651        |
| (Pertaining to Machinery purchases where in the vendor had agreed to extend the credit period up to March 2015. |                   |                    |
| <b>Total</b>  | <b>69,180,157</b> | <b>594,482,651</b> |

Note: Repaid/Settlement of Rs.52,53,00,077/- during the year.

**Note 5 LONG TERM PROVISIONS**

|  | 31st Mar 2014      | 31st Mar 2013     |
|--|--------------------|-------------------|
| <b>(a) Provision for employee benefits</b> |                    |                   |
| Gratuity (unfunded)                        | 13,569,946         | 16,810,639        |
| Leave Encashment (unfunded)                | 514,793            | 2,022,943         |
| <b>(b) Others (Specify nature)</b>         |                    |                   |
| Recompense Interest                        | 325,642,543        |                   |
| <b>Total</b>                               | <b>339,727,282</b> | <b>18,833,582</b> |



**Note 6 - SHORT TERM BORROWINGS**

|  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| <b>Secured</b>   |                      |                      |
| (a) Loans repayable on demand from banks   | 3,359,323,043        | 3,437,152,017        |
| (Hypothecation of Stocks and receivables. And guaranteed by Promoters Directors and Second charge on Fixed Assets) |                      | -                    |
| <b>TOTAL</b>   | <b>3,359,323,043</b> | <b>3,437,152,017</b> |

Note: Refer Note 3.

**Note 7 - OTHER SHORT TERM LIABILITIES**

|                    | 31st Mar 2014        | 31st Mar 2013        |
|--------------------|----------------------|----------------------|
| (a) Trade Payables | 1,698,855,763        | 1,213,831,680        |
| <b>Total</b>       | <b>1,698,855,763</b> | <b>1,213,831,680</b> |

**Note 8 - OTHER CURRENT LIABILITIES**

|  | 31st Mar 2014     | 31st Mar 2013      |
|--|-------------------|--------------------|
| (a) Current maturities of long-term debt   | -                 | 470,913,433        |
| (b) Interest accrued and due on borrowings | -                 | 98,309,237         |
| (c) Unpaid dividends                       | 1,218,921         | 1,380,015          |
| (d) Statutory Liabilities                  | 29,071,384        | 13,825,468         |
| <b>Total</b>                               | <b>30,290,305</b> | <b>584,428,153</b> |

**Note 9- SHORT TERM PROVISIONS**

|  | 31st Mar 2014     | 31st Mar 2013      |
|--|-------------------|--------------------|
| <b>(a) Provision for employee benefits</b> |                   |                    |
| Bonus                                      | -                 | 6,718,384          |
| <b>(b) Others (Specify nature)</b>         |                   |                    |
| Dividend                                   | -                 | 31,163,347         |
| Current Tax                                | 77,037,507        | 84,139,611         |
| Dividend Tax                               | -                 | 5,296,211          |
| <b>TOTAL</b>                               | <b>77,037,507</b> | <b>127,317,553</b> |

**Note 10 - FIXED ASSET**

| S.No.    | FIXED ASSETS                      | GROSS BLOCK              |                      |                     |                          | ACCUMULATED DEPRECIATION |                          |                               |                   |                          | NET BLOCK                |                          |
|----------|-----------------------------------|--------------------------|----------------------|---------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-------------------|--------------------------|--------------------------|--------------------------|
|          |                                   | BALANCE AS ON 01.04.2013 | ADDITION/ DELETION   | DELETION            | BALANCE AS ON 31.03.2014 | BALANCE AS ON 01.04.2013 | PROVIDED DURING THE YEAR | ADJUSTMENT DUE TO REVALUATION | ON DISPOSAL       | BALANCE AS ON 31.03.2014 | BALANCE AS ON 31.03.2013 | BALANCE AS ON 31.03.2014 |
| <b>a</b> | <b>Tangible Assets</b>            |                          |                      |                     |                          |                          |                          |                               |                   |                          |                          |                          |
|          | Land                              | 40,268,448               | -                    |                     | 40,268,448               | -                        | -                        | -                             | -                 | -                        | 40,268,448               | 40,268,448               |
|          | Buildings                         | 510,723,621              | (19,856,166)         |                     | 490,867,455              | 116,205,433              | 46,984,332               | 103,968                       | -                 | 163,293,733              | 394,518,188              | 327,573,722              |
|          | Plant and Equipment               | 7,039,218,483            | 373,180,468          | -                   | 7,412,398,951            | 1,013,894,404            | 211,937,070              | 6,484,608                     | 14,654,974        | 1,217,661,108            | 6,025,324,079            | 6,194,737,843            |
|          | Furniture and Fixtures            | 8,531,047                | (96,100)             | -                   | 8,434,947                | 1,759,328                | 438,559                  | -                             | -                 | 2,197,888                | 6,771,719                | 6,237,059                |
|          | Vehicles                          | 549,031,361              | (28,430,160)         |                     | 520,601,201              | 267,803,153              | 45,853,819               | -                             | -                 | 313,656,972              | 281,228,208              | 206,944,229              |
|          | Computer software                 | 123,325,865              | 91,832               | -                   | 123,417,697              | 84,660,006               | 14,066,389               | -                             | -                 | 98,725,395               | 38,665,859               | 24,692,302               |
|          | <b>Total</b>                      | <b>8,271,098,825</b>     | <b>373,176,200</b>   | <b>(48,286,326)</b> | <b>8,595,988,699</b>     | <b>1,484,322,325</b>     | <b>319,279,169</b>       | <b>6,588,576</b>              | <b>14,654,974</b> | <b>1,795,535,095</b>     | <b>6,786,776,500</b>     | <b>6,800,453,603</b>     |
| <b>b</b> | <b>Capital Work in Progress *</b> | 1,875,377,212            | 411,806,135          |                     |                          |                          |                          |                               |                   |                          |                          | 2,287,183,347            |
| <b>c</b> | <b>Previous Year</b>              | <b>6,906,291,887</b>     | <b>1,366,633,788</b> | <b>(9,888,194)</b>  | <b>8,174,044,480</b>     | <b>770,283,508</b>       | <b>327,293,816</b>       | <b>6,588,576</b>              |                   | <b>16,076,490</b>        | <b>1,088,089,409</b>     | <b>7,085,955,071</b>     |

**Note 11 -LONG TERM LOANS AND ADVANCES**

|                                      | 31st March 2014      | 31st March 2013      |
|--------------------------------------|----------------------|----------------------|
| <b>a. Capital Advances</b>           |                      |                      |
| Secured, considered good             | 2,477,075,526        | 2,635,641,484        |
| <b>a. Security Deposits</b>          |                      |                      |
|                                      | -                    | -                    |
| Deposit with Govt. Agencies & Others | 26,104,553           | 28,655,632           |
| <b>TOTAL</b>                         | <b>2,503,180,079</b> | <b>2,664,297,116</b> |

**Note 12 - NON-CURRENT INVESTMENTS:**

|          | PARTICULARS                                 | 31st Mar 2014        | 31st Mar 2013        |
|----------|---|----------------------|----------------------|
| <b>A</b> | <b>Trade Investments (Refer Note 10 A)</b>  |                      |                      |
|          | (a) Investment in Equity instruments        | 309,300              | 309,300              |
|          | <b>Total (A)</b>                            | <b>309,300</b>       | <b>309,300</b>       |
| <b>B</b> | <b>Other Investments (Refer Note 10 B )</b> |                      |                      |
|          | (a) Investments in Subsidiary Companies     | 5,067,702,054        | 5,056,751,354        |
|          | <b>Total (B)</b>                            | <b>5,067,702,054</b> | <b>5,056,751,354</b> |
|          | <b>Grand Total (A + B)</b>                  | <b>5,068,011,354</b> | <b>5,057,060,654</b> |

**12A. Details of Trade Investments**

| S. No. | Name of the Body Corporate       | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units |               | Quoted / Unquoted | Market Value per share | Partly Paid / Fully paid | Extent of Holding (%) |      | Amount         |                | Whether stated at Cost Yes / No |
|--------|----------------------------------|---|-----------------------|---------------|-------------------|------------------------|--------------------------|-----------------------|------|----------------|----------------|---------------------------------|
|        |                                  |   | Mar'2014              | Mar'2013      |                   |                        |                          | 2014                  | 2013 | Mar'2014       | Mar'2013       |                                 |
| (a)    | Investment in Equity Instruments | PNB Gilts Ltd*  | 13,333                | 10,000        | Quoted            | 17.00                  | Fully paid               | N.A.                  | N.A. | 300,000        | 300,000        | yes                             |
|        |                                  | PNB   | 300                   | 300           | Quoted            | 744.10                 | Fully paid               | N.A.                  | N.A. | 9,300          | 9,300          | yes                             |
|        | <b>TOTAL</b>                     |   | <b>13,633</b>         | <b>10,300</b> |                   |                        |                          |                       |      | <b>309,300</b> | <b>309,300</b> |                                 |

\* Note: Bonus share received during the year

**12 B. UNQUOTED INVESTMENTS IN SUBSIDIARIES:**

**(Amount in Rs.)**

| 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 |
|--------|----------------------------------|---|-----------------------|--------------------|-------------------|--------------------------|-----------------------|------|----------------------|----------------------|---------------------------------|--|
|        |                                  |   | Mar'2014              | Mar'2013           |                   |                          | 2014                  | 2013 | Mar'2014             | Mar'2013             |                                 |  |
| (a)    | Investment in Equity Instruments | Surana Power Ltd  | 309,149,200           | 309,149,200        | Unquoted          | Fully paid               | 100%                  | 100% | 3,910,000,000        | 3,910,000,000        | Yes                             |  |
|        |                                  | Surana Green Power Ltd                                  | 56,153,600            | 56,153,600         | Unquoted          | Fully paid               | 00%                   | 100% | 561,536,000          | 561,536,000          | Yes                             |  |
|        |                                  | Surana Mines & Minerals Ltd*                            | 16,072,526            | 16,072,526         | Unquoted          | Fully paid               | 100%                  | 100% | 595,877,090          | 584,826,430          | Yes                             |  |
|        |                                  | Surana Holdings Pte Ltd*                                | 5,201                 | 5,201              | Unquoted          | Fully paid               | 100%                  | 100% | 288,964              | 288,964              | Yes                             |  |
|        | <b>TOTAL</b>                     |   | <b>381,380,527</b>    | <b>381,380,527</b> |                   |                          |                       |      | <b>5,067,702,054</b> | <b>5,056,651,394</b> |                                 |  |

\*Share Allotment pending in Surana Mines & Minerals Ltd Rs.1,10,50,660/-

**Note 13 - CURRENT 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 (Rs)   |               | Whether stated at Cost Yes / No | If Answer to Column (9) is 'No' - Basis of Valuation |
|--------|----------------------------------|---|-----------------------|--------------|-------------------|--------------------------|-----------------------|--------|---------------|---------------|---------------------------------|--|
|        |                                  |   | Mar'2014              | Mar'2013     |                   |                          | 2014                  | 2013   | Mar'2014      | Mar'2013      |                                 |  |
| (a)    | Investment in Equity Instruments | Uday Energy Private Ltd                                 | 9,996                 | 9,996        | Unquoted          | Fully paid               | 99.96%                | 99.96% | 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 14 - INVENTORIES**

| PARTICULARS  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| <b>As certified &amp; Valued by Management (Lower of Cost and NRV)</b> |                      |                      |
| a. Raw Materials and Semi Finish Goods                                 | 964,561,926          | 876,795,361          |
|  | <b>964,561,926</b>   | <b>876,795,361</b>   |
| b. Finished goods  | 1,357,828,830        | 1,617,515,661        |
|  | <b>1,357,828,830</b> | <b>1,617,515,661</b> |
| c. Stores and Consumables  | 674,735,284          | 493,432,643          |
|  | <b>674,735,284</b>   | <b>493,432,643</b>   |
| <b>TOTAL</b>   | <b>2,997,126,040</b> | <b>2,987,743,666</b> |

**Note 15 -TRADE RECEIVABLES**

(Amount in Rs.)

| PARTICULARS  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| Trade receivables outstanding for a period less than six months from the date they are due for payment | -                    |                      |
| Unsecured, considered good   | 3,452,256,641        | 3,072,319,629        |
| More than Six Months   | 192,145,164          | 41,020,320           |
| <b>Total</b>   | <b>3,644,401,805</b> | <b>3,113,339,949</b> |

**Note 16 - CASH & CASH EQUIVALENTS**

| PARTICULARS                                    | 31st Mar 2014     | 31st Mar 2013      |
|--|-------------------|--------------------|
| I. Cash & cash Equivalents                     |                   |                    |
| a. Balances with banks                         | -                 |                    |
| This includes Unpaid dividend account balances | 57,937,892        | 84,190,130         |
| b. Cash on hand                                | 297,042           | 994,359            |
| II. Margin money                               | 14,020,991        | 169,652,086        |
| <b>Total</b>                                   | <b>72,255,925</b> | <b>254,836,575</b> |

**Note 17 - SHORT TERM LOANS AND ADVANCES**

| PARTICULARS                       | 31st Mar 2014      | 31st Mar 2013      |
|-----------------------------------|--------------------|--------------------|
| <b>a. Loans and advances</b>      |                    |                    |
| Related Parties                   | 60,912,071         | 45,151,166         |
|                                   | <b>60,912,071</b>  | <b>45,151,166</b>  |
| <b>b. Others (specify nature)</b> |                    |                    |
| Mat Credit Entitlements           | 312,974,013        | 312,974,013        |
| Cenvat & Vat Input Credit         | 231,326,214        | 255,344,616        |
| TDS Receivable                    | 5,708,886          |                    |
|                                   | <b>550,009,113</b> | <b>568,318,629</b> |
| <b>TOTAL</b>                      | <b>610,921,184</b> | <b>613,469,795</b> |



**Note 18- REVENUE FROM OPERATIONS**

| PARTICULARS                                     | 31st Mar 2014        | 31st Mar 2013         |
|---|----------------------|-----------------------|
| Sale of products (Including Processed Material) | 2,867,375,360        | 14,210,734,540        |
| Sale of Products (Trading)                      | 2,950,878,682        |                       |
|   |                      |                       |
| <b><u>Other Revenue from Operations</u></b>     |                      |                       |
| Conversion Charges                              | -                    | 23,355,780            |
| Sale of Electricity                             | -                    | 15,996,629            |
| <b>Less</b>                                     |                      |                       |
| Cenvat  | 266,193,696          |                       |
| <b>TOTAL</b>                                    | <b>5,552,060,347</b> | <b>14,250,086,949</b> |

**Note 19 - OTHER INCOME**

| PARTICULARS  | 31st Mar 2014     | 31st Mar 2013     |
|--|-------------------|-------------------|
| a) Interest Income (in case of a company other than a finance company)               | 3,910,142         | 13,163,065        |
| b) Other non-operating income (net of expenses directly attributable to such income) | 26,340,719        | 41,180,000        |
| <b>Total</b>   | <b>30,250,861</b> | <b>54,343,065</b> |

**Note 20 - EMPLOYEE BENEFITS EXPENSES**

| PARTICULARS                                    | 31st Mar 2014      | 31st Mar 2013      |
|--|--------------------|--------------------|
| (a) Salaries and Wages                         | 118,227,814        | 177,106,450        |
| (b) Contributions to Provident and other funds | 9,737,849          | 5,018,221          |
| (c) Staff welfare expenses                     | 1,366,763          | 2,758,766          |
| <b>TOTAL</b>                                   | <b>129,332,426</b> | <b>184,883,437</b> |

**Note 21 - FINANCE COST**

| PARTICULARS  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| a) Interest expense  | 1,445,983,937        | 738,237,494          |
| b) Other borrowing costs   | 34,964,277           | 400,176,302          |
| c) Applicable net gain/loss on foreign currency transactions and translation | (332,390)            | (32,650)             |
| <b>Total</b>   | <b>1,480,615,824</b> | <b>1,138,381,146</b> |

**Note 22 - OTHER EXPENSES**

(Amount in Rs.)

| PARTICULARS                                   | 31st Mar 2014      | 31st Mar 2013      |
|---|--------------------|--------------------|
| a) Stores & Consumables                       | 88,129,710         | 174,496,252        |
| b) Power & Fuel                               | 55,897,824         | 128,925,963        |
| c) Repair & Maintenance                       | 4,329,570          | 3,443,422          |
| d) Other Manufacturing Expenses               | 20,283,171         | 8,102,383          |
| e) Clearing and Forwarding                    | 8,533,842          | 1,109,386          |
| f) Commission Paid                            | 4,829,106          | 1,266,171          |
| g) Transportation Charges & Weighment Charges | 16,651,965         | 49,647,984         |
| h) Printing and Stationery                    | 730,091            | 1,221,124          |
| i) Advertisement                              | 55,360             | 1,642,261          |
| j) Electricity Charges                        | 941,524            | 879,084            |
| k) Telephone Charges                          | 1,940,080          | 3,481,064          |
| l) Rent                                       | 3,032,179          | 3,378,848          |
| m) Rates & Taxes                              | 6,346,539          | 20,486,835         |
| n) Travelling & Conveyance Exp.               | 6,485,447          | 11,606,739         |
| o) Postage & Telegram                         | 168,482            | 315,693            |
| p) Books & Periodicals                        | 56,386             | 163,673            |
| q) Professional & Consultancy Exp.            | 7,368,430          | 4,138,976          |
| r) Vehicle Maintenance                        | 4,940,818          | 4,902,584          |
| s) Business Promotion Expenses                | 1,973,474          | 2,002,230          |
| t) Audit Fees & Internal Audit Expenses       | 1,235,960          | 3,279,790          |
| u) Office Maintenance                         | 3,137,454          | 4,871,738          |
| v) Donation                                   | 16,650             | 227,800            |
| w) General Expenses                           | 3,738,650          | 1,147,231          |
| x) Insurance Charges                          | 9,318,717          | 9,767,531          |
| y) Testing Fees                               | 42,457             | 88,311             |
| z) Legal Charges                              | 111,600            | 453,215            |
| aa) Directors' Remuneration                   | 4,565,000          | 15,540,000         |
| ab) Sitting Fees                              | 210,000            | 159,886            |
| ac) BadDebts Written off                      | 7,343,031          | -                  |
| ad) Meeting Expenses & AGM Expenses           | 388,106            | 632,579            |
| ae) Application Fee & Subscription Fee        | 1,436,652          | 2,597,846          |
| af) AMC Charges                               | 380,392            | 385,692            |
| ag) Loss on sale of asset                     | -                  | 102,446            |
| ah) Processing Charges                        | 13,079,763         | 18,635,620         |
| <b>Total</b>                                  | <b>277,698,431</b> | <b>479,100,357</b> |

**ADDITIONAL NOTES**

23. Production at the Integrated Steel Plant Raichur, has been affected for the majority of the financial year due to Labour unrest. The company has retrenched all the employees of the Raichur plant with full settlement up to 31.03.2014 as a cost control measure, and to increase the productivity the company has decided to engage the contractors for the production on tonnage basis.

**24. DIRECTORS REMUNERATIONS**

(Amount in Rs.)

| <b>Salaries And Allowances</b> | <b>2013-14</b> | <b>2012-13</b> |
|--------------------------------|----------------|----------------|
| Chairman                       |                | 37,79,928      |
| Managing Director              |                | 37,79,928      |
| Whole Time Director            | 11,65,000      | 34,25,000      |
| Director Projects              | 24,00,000      | 22,04,958      |
| Director Finance & Accounts    | 24,00,000      | 28,31,947      |

**25. AUDITORS' REMUNERATIONS:**

(Amount in Rs.)

|                               | <b>2013-14</b> | <b>2012-13</b> |
|-------------------------------|----------------|----------------|
| Statutory Audit and tax audit | 12,35,960      | 11,23,600      |

**26. 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.

**27. RELATED PARTY DISCLOSURE:**

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

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

**Subsidiaries:**

Surana Power Limited

Surana Green Power Limited

Surana Mines and Minerals Limited, Singapore

Uday Energy Pvt. Ltd

Surana Holdings Pte Ltd

**Step down Subsidiaries:**

PT Borneo Mines and Minerals Limited, Indonesia

Surana Green Energy Limited

Power India Pte Ltd

**- Key Managerial Persons**

|                          |  |
|--------------------------|--|
| Shri. G.R. Surana        | Chairman                                 |
| Shri. Dineshchand Surana | Managing Director                        |
| Shri. V.M. Swami         | Whole Time Director(Expired on 19/9/13 ) |
| Shri. Krishna Udappa     | Director Project                         |
| Shri. V.Aranganathan     | Director – Finance & Accounts            |

**- Transactions with Related Parties:**

(Amount in Rs.)

| Name of the Related Party            | Nature of Transaction                     | 2013-14        | 2012-13        |
|--------------------------------------|---|----------------|----------------|
| <b>Subsidiaries:</b>                 |   |                |                |
| Surana Power Limited                 | Sale                                      | 1,29,36,238    | 4,62,88,175    |
|                                      | Purchase                                  | 1,94,12,148    | 17,38,89,102   |
|                                      | Reimbursement of expenses vide debit note | 1,15,31,928    | 4,42,64,009    |
|                                      | Interest Paid                             | -              | -              |
|                                      | Loans & Advances Paid                     | -              | -              |
|                                      | Investments                               | -              | 16,00,00,000   |
|                                      | Advance for investment                    | -              | -              |
|                                      | Sale of Stores & Consumables              | 3,21,927       | 2,85,104       |
|                                      | ICD                                       |                | 5,65,00,000    |
|                                      | <b>Year –End Balance</b>                  |                |                |
|                                      | Investments                               | 3,91,00,00,000 | 3,91,00,00,000 |
|                                      | Payables                                  | -              | -              |
|                                      | Loans and advances received/ Receivable   | 24,21,37,899   | 12,77,49,243   |
| <b>Surana Green Power Limited</b>    |   |                |                |
|                                      | Purchase of Power                         | 39,50,331      | 5,26,04,714    |
|                                      | Reimbursement of expenses vide debit note | -              | 3,80,086       |
|                                      | <b>Year –End Balance</b>                  |                |                |
|                                      | Investments                               | 56,15,36,000   | 56,15,36,000   |
|                                      | Payables                                  | 2,38,25,134    | 4,58,53,838    |
| <b>Surana Mines and Minerals Ltd</b> |   |                |                |
|                                      | Sales                                     |                | 2,83,65,045    |
|                                      | Reimbursement of expenses vide debit note | -              | 17,77,384      |
|                                      | <b>Year –End Balance</b>                  |                |                |
|                                      | Investments                               | 59,58,77,090   | 58,48,26,430   |
|                                      | Advance for investments                   | -              | -              |
|                                      | Receivables                               | 2,33,10,495    | 2,31,67,500    |
| <b>Uday Energy Pvt Ltd</b>           |   |                |                |
|                                      | <b>Year-End Balance</b>                   |                |                |
|                                      | Investments                               | 99,960         | 99,960         |

| <b>Surana Holdings Pte Ltd</b> | <b>Year-End Balance</b> |          |          |
|--------------------------------|-------------------------|----------|----------|
|                                | Investments             | 2,88,964 | 2,88,964 |
|                                |                         |          |          |

| <b>Key Managerial Persons:</b> | <b>&lt;Amount in Rs.&gt;</b> |           |           |
|--------------------------------|------------------------------|-----------|-----------|
| Shri. G.R. Surana              | Remuneration                 | 24,00,000 | 37,79,928 |
| Shri.Dineshchand Surana        | Remuneration                 | 24,00,000 | 37,79,928 |
| Shri. V.M. Swami               | Remuneration                 | 11,65,000 | 34,25,000 |
| Shri. Krishna Udappa           | Remuneration                 | 24,00,000 | 22,04,958 |
| Shri.V.Aranganathan            | Remuneration                 | 24,00,000 | 28,31,947 |
| Shri. Rajesh Surana            | Remuneration                 | -         | 12,59,976 |
| Shri. Rajiv Surana             | Remuneration                 | -         | 12,59,976 |

**28. 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>2013-14</b> | <b>2012-13</b> |
|--|----------------|----------------|
| Profit after Tax   | -1554612595    | 10,24,89,189   |
| Number of Equity shares in numbers                             | -              |                |
| Number of shares   | 4,45,19,067    | 4,19,39,993    |
| No of Potential share holders                                  |                |                |
| – FCCB   | -              | -              |
| – Share Warrant  |                |                |
| Total number of share holding including potential shareholders | 4,45,19,067    | 4,19,39,993    |
| Basic EPS  | -34.92         | 2.44           |
| Diluted EPS  | -34.92         | 2.44           |

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

The components of Deferred Tax Assets and Liabilities as at 31<sup>st</sup> March 2014 and 31<sup>st</sup> March 2013 are as given below.

(Amount in Rs.)

| <b>Components</b>  | <b>2013-14</b> | <b>2012-13</b> |
|--|----------------|----------------|
| <b>Deferred Tax Liability</b>  |                |                |
| On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A) | 1,03,04,10,823 | 91,38,04,581   |
| <b>Deferred Tax Asset</b>  |                |                |
| On account of Losses available under the Income Tax Act (B)                                  | 1,05,60,02,065 | 15,52,55,854   |
| Net Deferred Tax Liability/(Asset) (A) – (B)   | -2,55,91,242   | 75,85,48,727   |
| Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax            | 78,41,39,970   | 14,55,98,977   |

30. 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 has not been given.

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



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

(Amount in Rs.)

| <i>Particulars</i>   | <i>2013-14</i> | <i>2012-13</i> |
|--|----------------|----------------|
| Reconciliation of opening and closing balances of obligation |                |                |
| Liability at the beginning of the year                       | 1,68,10,639    | 72,77,283      |
| Interest Costs   | 13,33,851      | 6,18,569       |
| Current Service Costs  | 26,80,581      | 20,56,746      |
| Benefit Paid   | -5,88,462      | -              |
| Actuarial (gain)/Loss on obligation                          | -62,67,824     | 68,58,041      |
| Liability at the end of the period                           | 1,39,79,785    | 1,68,10,639    |

**Post retirement Benefit – EL Encashment (Unfunded)**

| <i>Particulars</i>   | <i>2013-14</i> | <i>2012-13</i> |
|--|----------------|----------------|
| Reconciliation of opening and closing balances of obligation |                |                |
| Liability at the beginning of the year                       | 18,91,554      | 20,29,484      |
| Interest Costs   | 1,51,324       | 1,72,506       |
| Current Service Costs  | 7,43,661       | 9,97,223       |
| Benefit Paid   | -51,427        | -              |
| Actuarial (gain)/Loss on obligation                          | 7,00,873       | (11,76,270)    |
| Liability at the end of the period                           | 20,34,239      | 20,22,943      |

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

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

|                                     |                                 |
|-------------------------------------|---------------------------------|
| Name of the Company                 | : Surana Power Limited          |
| Relationship                        | : Subsidiary                    |
| Amount outstanding as on 31/03/2014 | : Rs. 24,21,37,899/-Dr balance  |
| Name of the Company                 | : Surana Green Power Limited    |
| Relationship                        | : Subsidiary                    |
| Amount outstanding as on 31/03/2014 | : Rs.2,38,25,134/-Cr. balance   |
| Name of the Company                 | : Surana Mines and Minerals Ltd |
| Relationship                        | : Subsidiary                    |
| Amount outstanding as on 31/03/2014 | : Rs.2,33,10,495/- Dr balance   |

**33 Foreign Currency Transactions:**

(Amount in Rs.)

| <i>Particulars</i>                  | <i>2013-14</i> | <i>2012-2013</i> |
|-------------------------------------|----------------|------------------|
| A. Foreign Exchange Earnings        |                |                  |
| FOB Value of Exports                | NIL            | 2,83,65,045      |
| Bank Interest                       | NIL            | NIL              |
|                                     |                |                  |
| A. Expenditure on foreign currency  |                |                  |
| Import of Raw materials (CIF Value) | NIL            | NIL              |
| Foreign Travel Expenses             | NIL            | 60,993           |
| FCCB Interest                       | NIL            | NIL              |

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

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

36. Balances of Trade receivables/payable, Advances given/Advance received are subject to confirmation & reconciliation.
37. The inventories are taken as per records duly certified by the Company. The same have been valued in accordance with Accounting Policies.
38. No Provision has been made for diminution in value of long term unquoted investments as, in the opinion of the management; the diminution is due to stalled project of SPL for want of Equity and Finance, which is temporary in nature.

39. Capital work in Progress

|                   |                             |
|-------------------|-----------------------------|
| Land & Machinery  | - Rs.166,46,15,112/-        |
| Pre-Operative Exp | - Rs. 62,25,68,234/-        |
| Capital Advance   | - Rs.247,70,75,526/-        |
| <b>Total</b>      | <b>- Rs.476,42,58,872/-</b> |

40. During the year no provision has been made for any loss on account of impairment of Assets as per AS28 as there is no indication of any impairment of assets of the company, on the basis of valuation of the fixed assets by professional Valuers and the fair value of assets is more than the book value of assets
41. Depreciation has not been provided for 3 months for the integrated steel plant at raichur since there was not production during the last quarter of the financial year. This has resulted in the loss being understated by Rs.8,05,04,491/-
42. M/s. R.Subramanian & Co., Firm No.004137S has resigned from the office of Joint Statutory Auditors with effect from 02 May 2014. Consequently the accounts have been audited by M/s. C.S.P. Jain & Co., Firm No.001227S the sole auditor.
43. The company has availed the general exemption from compliance of Section 212 of the Companies Act, 1956. Necessary information of subsidiaries as been included in the consolidated financial statements.

**Signatories to Notes 1 to 43**

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

For and on behalf of the Board

**G.R.Surana**

Chairman

**Dineshchand Surana**  
(DIN 00007032)  
**Krishna Udupa**  
(DIN 00009806)

Managing Director

Director Project

**Venkatraman**

Company Secretary

Place : Chennai  
Date : 30.05.2014

**CONSOLIDATED INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of Surana Industries Limited**

We have audited the accompanying consolidated financial statements of Surana Industries Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Basis for qualified opinion**

The company's financing arrangements for the Beneficiation and Pelletisation Project under the CDR package is required to be tied up before 31<sup>st</sup> December 2014. The promoters are also required to infuse equity in terms of the Corporate Debt Restructuring package for the Beneficiation and Pelletisation Project. The timely tying up of finance and equity are crucial for completion of the project.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on the financial statements of the subsidiary as noted below, **except for the effects of matter described in the Basis for Qualified Opinion paragraph**, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

1. We draw attention to note no 2(r) to the financial statements, regarding non provision for impairment of assets as per Accounting Standard 28, as the Raichur unit of the Company did not function major period during the year. On the basis of the valuation of fixed assets certified by the certified valuer, the fair value of assets is more than the book value of assets. Hence the Company did not make any provision.
2. No adjustment has been considered on account of impairment loss during the year, with reference to Accounting Standard 28, as the 35 MW Power plant of Surana Power Limited did not function for major period during the year. The company has proposed to start the unit during the first quarter of 2014-15, and has also received commitment for selling power to Karnataka Power Transmission Corporation Limited. The company is thus of the opinion that there is no provision required on account of impairment. However we are not able to comment on the valuation of the assets carried in the balance sheet.
3. The ongoing 210 X 2 MW power plant project of Surana Power Limited is stalled for want of fresh equity and finance. The company believes that the finance required for the project would be tied up during FY 2014-15 and has signed a term sheet with USI Group Holding AG for equity infusion required for the project. If the finance and equity are not arranged in time, it may cast significant doubt on the Company's ability to continue the project and therefore the company may be unable to realize its assets and discharge the liabilities in the normal course of business.
4. We draw attention to the note no 14 to the financial statements with regard to segment reporting, the Surana Power Limited has made a coal sale of Rs. 56.07 crores out of the stock lying in the yard, which otherwise was utilized for generation of power. This has resulted a loss of Rs. 0.51 crores. The transaction of coal sales is temporary in nature. The revenue of Surana Power Limited under Power segment includes coal sales.

Our opinion is not qualified in respect of the above matters.

**Other Matters**

- a. We did not audit the financial statements of a foreign subsidiary, M/s. Surana Mines and Minerals Limited, whose financial statements for the year ended 31<sup>st</sup> March 2014, reflect total assets (net) of Rs.73,88,41,557/-, total revenues of Rs.61,65,210/-. This financial statement has been furnished to us by the Management, and our opinion is based solely on the Management accounts.
- b. We did not audit the financial statements of a foreign subsidiary, M/s. Surana Holdings Private Limited, whose financial statements for the year ended 31<sup>st</sup> March 2014, reflect total assets (net) of Rs.67,732/-, total revenues of Rs. Nil and net cash inflows amounting to Rs.1,41,233/-. This financial statement has been audited by an independent auditor whose report has been furnished to us by the Management, and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.
- c. We did not audit the financial statements of a foreign step down subsidiary, M/s. Power India Singapore Pte Ltd, whose financial statements for the year ended 31<sup>st</sup> March 2014, reflect total assets (net) of Rs.4,79,258/-, total revenues of Rs. Nil. This financial statement has been audited by an independent auditor whose report has been furnished to us by the Management, and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

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

**C.S.Prithviraj Jain**  
Proprietor  
M.N.11529  
Firm No.001227S

Place: Chennai  
Date: 30.05.2014

**CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2014**

(Amount in Rs.)

| S.No.      | PARTICULARS  | NOTE NOS.     | 31st Mar 2014         | 31st Mar 2013         |
|------------|--|---------------|-----------------------|-----------------------|
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>  |               |                       |                       |
| <b>1</b>   | <b>Shareholders' funds</b>   |               |                       |                       |
|            | (a) Shares Capital   | 1             | 445,190,670           | 445,190,670           |
|            | (b) Reserves and surplus   | 2             | 8,084,959,270         | 9,709,369,232         |
|            | (c) Non-Controlling Interest   |               | 59,145,455            | 55,836,714            |
| <b>2</b>   | <b>Non-current liabilities</b>                                       |               |                       |                       |
|            | (a) Long-term borrowings   | 3             | 24,077,205,891        | 18,117,964,974        |
|            | (b) Deferred tax liabilities (Net)                                   |               | -                     | 821,800,069           |
|            | (c) Other long term liabilities                                      | 4             | 265,710,157           | 594,482,651           |
|            | (d) Long-term Provisions   | 5             | 355,925,132           | 22,797,827            |
| <b>3</b>   | <b>Current liabilities</b>   |               |                       |                       |
|            | (a) Short-term borrowings  | 6             | 3,469,319,115         | 3,978,178,456         |
|            | (b) Trade payables   | 7             | 4,575,793,643         | 4,641,117,253         |
|            | (c) Other current liabilities  | 8             | 378,880,314           | 689,413,319           |
|            | (d) Short-term Provisions  | 9             | 79,271,447            | 129,476,238           |
|            | <b>Total</b>   |               | <b>41,791,401,094</b> | <b>39,205,627,464</b> |
| <b>II.</b> | <b>ASSETS</b>  |               |                       |                       |
|            | <b>Non-current assets</b>  |               |                       |                       |
| <b>1</b>   | <b>(a) Fixed assets</b>  | 10            |                       |                       |
|            | (i) Tangible assets  |               | 9,281,827,198         | 9,232,631,396         |
|            | (ii) Capital work-in-progress  |               | 19,342,091,400        | 19,062,821,052        |
|            | (b) Deferred tax assets (net)  |               | 127,155,851           | -                     |
|            | (c) Long-term loans and advances                                     | 11            | 4,622,169,551         | 1,954,792,968         |
|            | (d) Other Non-Investments  | 12            | 309,260               | 309,300               |
|            |  |               | -                     |                       |
| <b>2</b>   | <b>Current assets</b>  |               |                       |                       |
|            | (a) Inventories  | 13            | 3,439,370,498         | 3,490,145,539         |
|            | (b) Trade receivables  | 14            | 3,734,547,160         | 4,086,009,801         |
|            | (c) Cash and cash equivalents  | 15            | 148,399,821           | 7,965,362,114         |
|            | (d) Short-terms loans and advances                                   | 16            | 1,095,530,356         | 613,555,295           |
|            | <b>Significant accounting policies notes on financial statements</b> | <b>(1-30)</b> |                       |                       |
|            | <b>Total</b>   |               | <b>41,791,401,094</b> | <b>39,205,627,464</b> |

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

**For and on behalf of the Board**

**C.S.Prithviraj Jain**  
Proprietor  
M.No.11529  
Firm No.001227S

**G.R.Surana**  
**Dineshchand Surana**  
**Krishna Udupa**

Chairman  
Managing Director  
Director Project

**Venkatraman**

Company Secretary

Place : Chennai  
Date : 30.05.2014



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED ON 31st MARCH 2014**

(Amount in Rs.)

| S.No. | PARTICULARS   | NOTE NOS.     | 31st Mar 2014          | 31st Mar 2013         |
|-------|---|---------------|------------------------|-----------------------|
| I.    | Revenue from operation  | 17            | 6,311,205,988          | 14,936,171,955        |
| II.   | Other income  | 18            | 39,893,305             | 69,226,730            |
| III.  | <b>Total Revenue (I + II)</b>   |               | <b>6,351,099,293</b>   | <b>15,005,398,685</b> |
| IV.   | <b>Expenses:</b>  |               |                        |                       |
|       | <b>Cost of materials consumed</b>   |               |                        |                       |
|       | Raw Materials   |               | 4,617,593,310          | 11,839,568,556        |
|       | Purchases of Stock-in-trade   |               | 1,437,331,810          | 808,217,174           |
|       | Changes in inventories of finished goods                                  |               | 259,303,784            | (484,619,767)         |
|       | Employee benefits expense   | 19            | 146,976,115            | 196,710,098           |
|       | Finance costs   | 20            | 1,762,778,989          | 1,421,532,134         |
|       | Depreciation and amortization expense                                     | 10            | 486,626,830            | 551,866,364           |
|       | Other expenses  | 21            | 306,878,365            | 408,724,430           |
|       | <b>Total expenses</b>   |               | <b>9,017,489,204</b>   | <b>14,741,998,988</b> |
| V.    | <b>Profit before exceptional and extraordinary items and tax (III-IV)</b> |               | <b>(2,666,389,911)</b> | <b>399,697</b>        |
| VI.   | Exceptional items   |               | -                      | -                     |
| VII.  | <b>Profit before extraordinary items and tax (V - VI)</b>                 |               | <b>(2,666,389,911)</b> | <b>263,187,776</b>    |
| VIII. | Extraordinary Items   |               | -                      | -                     |
| IX.   | <b>Profit before tax (VII- VIII)</b>                                      |               | <b>(2,666,389,911)</b> | <b>263,399,697</b>    |
| X     | <b>Tax expense:</b>   |               | <b>(948,955,921)</b>   | <b>227,358,202</b>    |
|       | (1) Current tax   |               | -                      | 77,854,088            |
|       | (2) Deferred tax  |               | (948,955,921)          | 200,894,088           |
|       | (3) Mat Credit Entitlement  |               | -                      | (50,889,974)          |
| XI    | <b>Profit/(loss) from operations (after tax)</b>                          |               | <b>(1,717,433,990)</b> | <b>36,041,495</b>     |
| XII   | Balance Brought Forward From Last Year                                    |               | 1,323,273,989          | 1,356,325,556         |
| XIII  | Amount Available for Appropriation  |               | <b>(394,160,000)</b>   | <b>1,392,367,051</b>  |
| XIV   | <b>APPROPRIATION</b>  |               |                        |                       |
|       | (1) Proposed Dividend   |               | (31,163,347)           | 49,732,681            |
|       | (2) Corporate Dividend Tax  |               | (5,296,211)            | 8,308,157             |
|       | (3) General Reserve   |               | -                      | 10,248,919            |
| XV    | <b>Balance Carried To Balance Sheet</b>                                   |               | <b>(357,700,442)</b>   | <b>1,324,077,294</b>  |
| XIV   | <b>Earnings per equity share:</b>   |               |                        |                       |
|       | (1) Basic   |               | (38.58)                | 0.86                  |
|       | (2) Diluted   |               | (38.58)                | 0.86                  |
|       | <b>Significant accounting policies notes on financial statements</b>      | <b>(1-30)</b> |                        |                       |

As per our report of even date attached

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

**For and on behalf of the Board**

**C.S.Prithviraj Jain**  
Proprietor  
M.No.11529  
Firm No.001227S

**G.R.Surana**  
**Dineshchand Surana**  
**Krishna Udupa**

Chairman  
Managing Director  
Director Projects

**Venkatraman**

Company Secretary

Place : Chennai  
Date : 30.05.2014

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

(Amount in Rs.)

| Particulars  | 31st March, 2014       | 31st March, 2013       |
|--|------------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                        |                        |
| <b>Net Profit / (Loss) before extraordinary items and tax</b>          | (2,666,389,911)        | 263,399,697            |
| <i>Adjustments for:</i>  |                        |                        |
| Depreciation and amortisation  | 486,626,830            | 551,866,364            |
| (Profit) / loss on sale / write off of assets                          | (255,510)              | 102,446                |
| Expense on employee stock option scheme                                | -                      |                        |
| Finance costs  | 1,762,778,989          | 1,421,532,134          |
| Interest income  | (11,349,129)           | (24,390,665)           |
| <b>Operating profit / (loss) before working capital changes</b>        | <b>(428,588,731)</b>   | <b>2,212,509,976</b>   |
| <i>Changes in working capital:</i>                                     |                        |                        |
| <i>Adjustments for (increase) / decrease in operating assets:</i>      |                        |                        |
| Inventories  | (50,775,041)           | 416,111,769            |
| Trade receivables  | (351,461,642)          | (643,240,827)          |
| Short-term loans and advances  | 481,975,061            | (3,128,789,490)        |
| Long-term loans and advances   | 2,667,376,583          | 1,954,792,968          |
| Other current assets   | -                      | -                      |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> |                        |                        |
| Trade payables   | 65,323,610             | (352,026,113)          |
| Other current liabilities  | 310,533,005            | 40,306,413             |
| Other long-term liabilities  | 328,772,494            | 47,101,068             |
| Short-term provisions  | 6,573,708              | <b>9,460,593</b>       |
| Long-term provisions   | (333,127,305)          | (22,797,827)           |
| <b>Cash generated from operations</b>                                  | <b>(3,553,778,204)</b> | <b>3,891,591,422</b>   |
| Net income tax (paid) / refunds  | 7,171,525              | 121,069,165            |
| <b>Net cash flow from / (used in) operating activities (A)</b>         | <b>(3,560,949,730)</b> | <b>3,770,522,257</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                          |                        |                        |
| Capital expenditure on fixed assets, including capital advances        | (812,656,994)          | (8,184,828,301)        |
| Proceeds from sale of fixed assets                                     | 68,786,334             | 1,297,565              |
| Interest received  |                        |                        |
| - Others   | 255,510                | 24,390,665             |
| <b>Net cash flow from / (used in) investing activities (B)</b>         | <b>(743,615,150)</b>   | <b>(8,159,140,071)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                        |                        |
| Proceeds from issue of equity shares                                   | -                      | 1,710,449,153          |
| Proceeds from long-term borrowings                                     | 5,959,240,916          | 3,684,554,512          |
| Proceeds from other short-term borrowings                              | (5,088,593,41)         | 630,114,830            |
| Finance cost   | (1,762,778,989)        | (1,421,532,134)        |
| Dividends paid   | -                      | (53,422,880)           |
| Tax on dividend  | -                      | (8,665,191)            |
| <b>Net cash flow from / (used in) financing activities (C)</b>         | <b>3,687,602,586</b>   | <b>4,541,498,290</b>   |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>  | <b>(616,962,293)</b>   | <b>152,880,476</b>     |
| Cash and cash equivalents at the beginning of the year                 | 765,362,114            | 612,481,637            |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>Cash and cash equivalents at the end of the year</b>  | 148,399,821        | 765,362,114        |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>   |                    |                    |
| Cash and cash equivalents as per Balance Sheet (Refer Note 19)   | 148,399,821        | 765,362,114        |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19                              | 148,399,821        | 765,362,114        |
| <b>Cash and cash equivalents at the end of the year *</b>  | <b>148,399,821</b> | <b>765,362,114</b> |
| * Comprises:   |                    |                    |
| (a) Cash on hand   | 613,556            | 1,178,286          |
| (c) Balances with banks  |                    |                    |
| (i) In current accounts  | 120,375,564        | 573,146,019        |
| (d) Others (specify nature)  | 27,410,701         | 191,037,809        |
| (e) Current investments considered as part of Cash and cash equivalents (Refer Note (ii) to Note 16 Current investments) |                    |                    |
|  | <b>148,399,821</b> | <b>765,362,114</b> |

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 Reg.No.001227S

**For and on behalf of the Board**

**G.R.Surana**  
**Dineshchand Surana**  
**Krishna Udupa**

Chairman  
Managing Director  
Director Projects

**Venkatraman**

Company Secretary

Place : Chennai

Date : 30.05.2014

**SIGNIFICANT 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 incomes and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

(j) **Impairment of Assets:**

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

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

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

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

(l) **Earnings Per Share**

Basic Earnings per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company, by the average number of equity shares at end of the financial year.

Diluted Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company, by the weighted average number of equity shares at the end of the financial year.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:****NOTE 1 - SHARE CAPITAL:**

| PARTICULARS  | 31st MARCH 2014 |                    | 31st MARCH 2013 |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | NOS.            | VALUE              | NOS.            | VALUE              |
| Authorised equity shares of Rs.10/- each             | 70,000,000      | 700,000,000        | 70,000,000      | 700,000,000        |
|  |                 |                    |                 |                    |
| Issued equity shares of Rs. 10/- each                | 44,519,067      | 445,190,670        | 44,519,067      | 445,190,670        |
|  |                 |                    |                 |                    |
| Subscribed and paid up share capital                 |                 |                    |                 |                    |
| Subscribed and paid up equity shares of Rs.10/- each | 44,519,067      | 445,190,670        | 44,519,067      | 445,190,670        |
|  |                 |                    |                 |                    |
| Subscribed but not fully paid up equity shares.      | -               | -                  | -               | -                  |
|  |                 |                    |                 |                    |
| <b>Total</b>   |                 | <b>445,190,670</b> |                 | <b>445,190,670</b> |

**NOTE 2: RESERVES & SURPLUS**

(Amount in Rs.)

| <b>PARTICULARS</b>  | <b>31st Mar 2014</b> | <b>31st Mar 2013</b> |
|---|----------------------|----------------------|
| <b>a. Securities Premium Account</b>  |                      |                      |
| Opening Balance   | 7,999,711,599        | 3,944,006,896        |
| Add : Securities premium credited on Share issue                            | -                    | 4,055,704,703        |
| <b>Closing Balance</b>  | <b>7,999,711,599</b> | <b>7,999,711,599</b> |
| <b>b. Revaluation Reserve</b>   |                      |                      |
| Opening Balance   | 64,651,679           | 71,240,255           |
| (+) Current Year Transfer   | -                    | -                    |
| (-) Written backin Current Year   | 6,588,576            | 6,588,576            |
| <b>Closing Balance</b>  | <b>58,063,103</b>    | <b>64,651,679</b>    |
| <b>c. General Reserves (Specify the nature and purpose of each reserve)</b> |                      |                      |
| Opening Balance   | 284,318,734          | 274,069,815          |
| (+) Capital Subsidiary Transfer   | -                    | -                    |
| (+) Current Year Transfer   | -                    | 10,248,919           |
| (-) Written back in Current Year  | -                    | -                    |
| <b>Closing Balance</b>  | <b>284,318,734</b>   | <b>284,318,734</b>   |
| <b>d. Surplus</b>   |                      |                      |
| Opening balance   | 1,312,840,674        | 1,356,325,556        |
| (+) Net Profit/(Net Loss) For the current period                            | (1,717,433,990)      | 36,041,495           |
| (+) Transfer from Reserves  | -                    | -                    |
| (-) Proposed Dividends  | (31,163,347)         | 49,732,681           |
| (-) Proposed Dividends Tax  | (5,296,211)          | 8,308,157            |
| (-) Transfer to Reserves  | -                    | 10,248,919           |
| (+) Non-controlling Interest in Subsidiary Company                          | (194,573)            | -                    |
| <b>Closing Balance</b>  | <b>(367,939,184)</b> | <b>1,324,077,294</b> |
| <b>e. Foreign Currency Transalation Reserve</b>                             | 110,805,018          | 1324077294           |
| <b>Total</b>  | <b>8,084,959,270</b> | <b>9,709,369,232</b> |

**NOTE 3 - LONG TERM BORROWINGS**

(Amount in Rs.)

| PARTICULARS   | 31st Mar 2014         | 31st Mar 2013         |
|---|-----------------------|-----------------------|
| <b>Secured</b>  |                       |                       |
| <b>(a) Term Loans</b>   |                       |                       |
| from banks  | 16,855,754,695        | 11,843,714,966        |
| from other  |                       |                       |
| IFCI  | 5,623,285,985         | 5,116,641,797         |
|   | <b>22,479,040,680</b> | <b>16,960,356,763</b> |
| <b>(b) Deposits - ICD</b>   |                       |                       |
| (No guarantee is given by the directors from other corporates interest free loan) | 1,231,465,211         | 1,157,608,211         |
| <b>(c) Other loans and advances (specify nature)</b>                              |                       |                       |
|   | 366,700,000           | -                     |
|   | <b>1,598,165,211</b>  | <b>1,157,608,211</b>  |
| <b>Total</b>  | <b>24,077,205,891</b> | <b>18,117,964,974</b> |

**NOTE 4 - OTHER LONG TERM LIABILITIES**

| PARTICULARS   | 31st Mar 2014      | 31st Mar 2013      |
|---|--------------------|--------------------|
| (a) Trade Payables  | 265,710,157        | 594,482,651        |
| (Pertaining to Machinery purchases where in the vendor had agreed to extend the credit period up to March 2015. | -                  |                    |
| <b>Total</b>  | <b>265,710,157</b> | <b>594,482,651</b> |

**NOTE 5: LONG TERM PROVISIONS**

(Amount in Rs.)

| PARTICULARS                                | 31st Mar 2014      | 31st Mar 2013     |
|--|--------------------|-------------------|
| <b>(a) Provision for employee benefits</b> |                    |                   |
| Gratuity (unfunded)                        | 18,534,806         | 19,460,299        |
| Leave Encashment (unfunded)                | 2,993,766          | 5,092,287         |
| <b>(b) Others</b>                          |                    | 3,337,528         |
| Recompense Interest                        | 334,396,560        | -                 |
| <b>Total</b>                               | <b>355,925,132</b> | <b>22,797,827</b> |

**NOTE 6: SHORT TERM BORROWINGS**

| PARTICULARS  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| <b>Secured</b>   |                      |                      |
| (a) Loans repayable on demand<br>from banks<br><br>(Hypothecation of Stocks and receivables. And guaranteed by Promoters Directors and<br>Second charge on Fixed Assets) | 3,469,319,115        | 3812711938           |
| (b) from other parties   | -                    | 165,466,518          |
| <b>TOTAL</b>   | <b>3,469,319,115</b> | <b>3,978,178,456</b> |

**NOTE 7: OTHER SHORT TERM LIABILITIES**

| PARTICULARS         | 31st Mar 2014        | 31st Mar 2013        |
|---------------------|----------------------|----------------------|
| (a) Trade Payables  | 4,557,699,056        | 4,610,851,539        |
| (b) Others Payables | 18,094,587           | 30,259,714           |
| <b>Total</b>        | <b>4,575,793,643</b> | <b>4,641,117,253</b> |

**NOTE 8: OTHER CURRENT LIABILITIES**

| <b>PARTICULARS</b>                         | <b>31st Mar 2014</b> | <b>31st Mar 2013</b> |
|--|----------------------|----------------------|
| (a) Current maturities of long-term debt   | 75,000,000           | 504,913,433          |
| (b) Interest accrued and due on borrowings | 251,675,750          | 157,578,893          |
| (c) Unpaid dividends                       | 1,218,921            | 1,380,015            |
| (d) Statutory Liabilities                  | 50,985,643           | 25,450,978           |
| (e) Other payables (specify nature)        | -                    | 90,000               |
| <b>Total</b>                               | <b>378,880,314</b>   | <b>689,413,319</b>   |

**NOTE 9: SHORT TERM PROVISIONS**

| <b>PARTICULARS</b>                         | <b>31st Mar 2014</b> | <b>31st Mar 2013</b> |
|--|----------------------|----------------------|
| <b>(a) Provision for employee benefits</b> |                      |                      |
| Bonus                                      | 2,303,361            | 8,877,069            |
| <b>(b) Others (Specify nature)</b>         |                      |                      |
| Dividend                                   | -                    | 31,163,347           |
| Current Tax                                | 76,968,086           | 84,139,611           |
| Divident Tax                               | -                    | 5,296,211            |
| <b>Total</b>                               | <b>79,271,447</b>    | <b>129,476,238</b>   |



NOTE 10. FIXED ASSETS

| PARTICULARS            | GROSS BLOCK              |                    |                      |                          | ACCUMULATED DEPRECIATION |                          |                               |                    |                          |                          | NET BLOCK                |  |
|------------------------|--------------------------|--------------------|----------------------|--------------------------|--------------------------|--------------------------|-------------------------------|--------------------|--------------------------|--------------------------|--------------------------|--|
|                        | BALANCE AS ON 01.04.2013 | ADDITION/ DELETION | DELETION             | BALANCE AS ON 31.03.2014 | BALANCE AS ON 01.04.2013 | PROVIDED DURING THE YEAR | ADJUSTMENT DUE TO REVALUATION | ON DISPOSAL        | BALANCE AS ON 31.03.2014 | BALANCE AS ON 31.03.2013 | BALANCE AS ON 31.03.2014 |  |
| <b>Tangible Assets</b> |                          |                    |                      |                          |                          |                          |                               |                    |                          |                          |                          |  |
| Land                   | 213,849,155              | 3,037,500          | -                    | 369,206,729              | 4,500                    | 63,994                   | -                             | -                  | 68,494                   | 213,844,655              | 369,138,235              |  |
| Buildings              | 722,871,600              | -                  | (19,856,166)         | 703,015,434              | 131,747,550              | 53,555,645               | 103,968                       | -                  | 185,407,163              | 599,240,568              | 517,608,271              |  |
| Plant and Equipment    | 10,103,945,210           | 410,072,136        | (70,909,925)         | 10,443,107,421           | 1,338,949,290            | 372,274,205              | 6,484,608                     | 684,101,873        | 1,632,143,204            | 8,766,024,696            | 8,056,264,944            |  |
| Furniture and Fixtures | 10,087,178               | 752,209            | -                    | 10,839,387               | 1,801,571                | 609,093                  | -                             | -                  | 2,410,665                | 8,269,598                | 8,428,722                |  |
| Vehicles               | 550,037,902              | 68,500             | (28,430,160)         | 521,676,242              | 267,986,417              | 45,950,254               | -                             | -                  | 313,936,671              | 272,313,991              | 207,739,571              |  |
| Computer software      | 124,155,856              | 91,832             | -                    | 124,247,688              | 84,822,191               | 14,173,640               | -                             | -                  | 98,995,831               | 39,276,526               | 25,251,857               |  |
| GoodWill               | -                        | -                  | -                    | 97,395,598               | -                        | -                        | -                             | -                  | -                        | -                        | 97,395,598               |  |
| <b>Total</b>           | <b>11,724,946,901</b>    | <b>414,022,177</b> | <b>(119,196,251)</b> | <b>12,269,488,499</b>    | <b>1,825,311,520</b>     | <b>486,626,831</b>       | <b>6,588,576</b>              | <b>684,101,873</b> | <b>2,232,962,027</b>     | <b>9,898,970,034</b>     | <b>9,281,827,199</b>     |  |

**NOTE 11: LONG TERM LOANS AND ADVANCES**

| PARTICULARS   | 31st Mar 2014        |  | 31st Mar 2013        |  |
|---|----------------------|--|----------------------|--|
|   |                      |  |                      |  |
| <b>a. Security Deposits</b>                         |                      |  |                      |  |
| Secured, considered good                            | 2,477,075,526        |  | 1,954,792,968        |  |
|   | 2,477,075,526        |  | 1,954,792,968        |  |
| <b>b. Other loans and advances (specify nature)</b> |                      |  |                      |  |
| Secured, considered good                            | 2,145,094,025        |  | -                    |  |
| Unsecured, considered good                          | 2,145,094,025        |  | -                    |  |
| <b>TOTAL</b>  | <b>4,622,169,551</b> |  | <b>1,954,792,968</b> |  |

**NOTE 12: TRADE INVESTMENTS**

| PARTICULARS |                                      | 31/03/2014     | 31/03/2013     |
|-------------|--------------------------------------|----------------|----------------|
| A           | Trade Investments (Refer Note 10A)   | 309.300        | 309.300        |
|             | (a) Investment in Equity instruments |                |                |
|             | <b>Total</b>                         | <b>309.300</b> | <b>309.300</b> |

**12 A DETAILS OF TRADE INVESTMENTS**

| S. No. | Name of the Body Corporate       | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units |               | Quoted / Unquoted | Market Value per share | Partly Paid / Fully paid | Extent of Holding (%) |      | Whether stated at Cost Yes / No | If Answer to Column (9) is 'No' - Basis of Valuation |     |      |
|--------|----------------------------------|---|-----------------------|---------------|-------------------|------------------------|--------------------------|-----------------------|------|---------------------------------|--|-----|------|
|        |                                  |   | Mar'2014              | Mar'2013      |                   |                        |                          | 2014                  | 2013 |                                 |  |     |      |
| (a)    | Investment in Equity Instruments | PNB Gilts Ltd   | 13,333                | 10,000        | Quoted            | 24.75                  | Fully paid               | N.A.                  | N.A. | 300,000                         | 300,000  | yes | N.A. |
|        |                                  | PNB   | 300                   | 300           | Quoted            | 717.50                 | Fully paid               | N.A.                  | N.A. | 9,300                           | 9,300  | yes | N.A. |
|        | <b>TOTAL</b>                     |   | <b>13,633</b>         | <b>10,300</b> |                   |                        |                          |                       |      | <b>309,300</b>                  | <b>309,300</b>                                       |     |      |

**NOTE 13: INVENTORIES**

(Amount in Rs.)

| PARTICULARS  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| <b>As certified &amp; Valued by Management (Lower of Cost and NRV)</b> |                      |                      |
| a. Raw Materials and Semi Finish Goods                                 | 1,299,089,412        | 1,275,532,662        |
| b. Finished goods  | 1,360,570,428        | 1,618,072,333        |
| c. Stores and Consumables  | 779,710,657          | 596,540,543          |
| <b>TOTAL</b>   | <b>3,439,370,497</b> | <b>3,490,145,539</b> |

**NOTE 14: TRADE RECEIVABLES**

| PARTICULARS  | 31st Mar 2014        | 31st Mar 2013        |
|--|----------------------|----------------------|
| Trade receivables outstanding for a period less than six months from the date they are due for payment |                      |                      |
| Unsecured, considered good   | 3,484,654,973        | 4,026,206,898        |
| More than Six Months   | 249,892,186          | 59,802,903           |
| <b>Total</b>   | <b>3,734,547,160</b> | <b>4,086,009,801</b> |

**NOTE 15: CASH & CASH EQUIVALENTS**

| PARTICULARS  | 31st Mar 2014      | 31st Mar 2013      |
|--|--------------------|--------------------|
| I. Cash & cash Equivalents   |                    |                    |
| a. Balances with banks<br>(This includes Unpaid dividend account balances) | 120,375,564        | 573,146,019        |
| b. Cash on hand  | 613,556            | 1,178,286          |
| c. Margin Money  | 27,410,701         | 191,037,809        |
| <b>Total</b>   | <b>148,399,821</b> | <b>765,362,114</b> |

**NOTE 16: SHORT TERM LOANS AND ADVANCES**

(Amount in Rs.)

| PARTICULARS                       | 31st Mar 2014        | 31st Mar 2013      |
|-----------------------------------|----------------------|--------------------|
| <b>a. Loans and advances</b>      |                      |                    |
| Related Parties                   | -                    | 45,236,666         |
|                                   | -                    | <b>45,236,666</b>  |
| <b>b. Others (specify nature)</b> |                      |                    |
| Secured, considered good          | 544,951,037          |                    |
| Mat Credit Entitlements           | 312,974,013          | 312,974,013        |
| Cenvat & Vat Input Credit         | 231,326,214          | 255,344,616        |
| TDS Receivables                   | 6,068,513            |                    |
| Advance to Suppliers              | 210,578              |                    |
|                                   | <b>1,095,530,356</b> | <b>568,318,629</b> |
| <b>TOTAL</b>                      | <b>1,095,530,356</b> | <b>613,555,295</b> |

**NOTE 17: REVENUE FROM OPERATIONS**

| PARTICULARS                                     | 31st Mar 2014        | 31st Mar 2013         |
|---|----------------------|-----------------------|
| Sale of products (Including Processed Material) | 3,016,419,156        | 14,889,879,423        |
| Sale of Products (Trading)                      | 3,474,927,681        | 6,940,123             |
| <b>Other Revenue from Operations</b>            | -                    | -                     |
| Conversion Charges                              | -                    | 23,355,780            |
| Sale of Electricity                             | 85,962,846           | 15,996,629            |
| Sale of Service                                 | 90,000               | -                     |
| Less:   | -                    | -                     |
| Cenvat  | 266,193,696          | -                     |
| <b>TOTAL</b>                                    | <b>6,311,205,988</b> | <b>14,936,171,955</b> |

**NOTE 18: OTHER INCOME**

| PARTICULARS  | 31st Mar 2014     | 31st Mar 2013     |
|--|-------------------|-------------------|
| a) Interest Income (in case of a company other than a finance company)               | 11,349,129        | 24,390,665        |
| b) Other non-operating income (net of expenses directly attributable to such income) | 28,544,176        | 44,836,065        |
| <b>Total</b>   | <b>39,893,305</b> | <b>69,226,730</b> |

**NOTE 19: EMPLOYEE BENEFITS EXPENSES****(Amount in Rs.)**

| <b>PARTICULARS</b>                             | <b>31st Mar 2014</b> | <b>31st Mar 2013</b> |
|--|----------------------|----------------------|
| (a) Salaries and Wages                         | 134,781,180          | 188,746,193          |
| (b) Contributions to Provident and other funds | 9,841,819            | 5,378,103            |
| (c) Staff welfare expenses                     | 2,353,117            | 2,586,802            |
| <b>TOTAL</b>                                   | <b>146,976,115</b>   | <b>196,711,098</b>   |

**NOTE 20: FINANCIAL COST**

| <b>PARTICULARS</b>   | <b>31st Mar 2014</b> | <b>31st Mar 2013</b> |
|--|----------------------|----------------------|
| a) Interest expense  | 1,719,045,547        | 1,013,373,095        |
| b) Other borrowing costs   | 41,379,101           | 408,069,657          |
| c) Applicable net gain/loss on foreign currency transactions and translation | 2,354,341            | 89,382               |
| <b>Total</b>   | <b>1,762,778,989</b> | <b>1,421,532,134</b> |



**NOTE 21: OTHER EXPENSES**

**(Amount in Rs.)**

| PARTICULARS                                   | 31st Mar 2014      | 31st Mar 2013      |
|---|--------------------|--------------------|
| a) Stores & Consumables                       | 89,233,484         | 183,669,701        |
| b) Power & Fuel                               | 19,599,107         | 2,130,191          |
| c) Repair & Maintenance                       | 4,348,759          | 5,216,171          |
| d) Other Manufacturing Expenses               | 42,197,887         | 18,248,486         |
| e) Clearing and Forwarding                    | 8,649,921          | 1,353,107          |
| f) Commission Paid                            | 4,896,524          | 1,266,171          |
| g) Transportation Charges & Weighment Charges | 16,651,965         | 49,647,984         |
| h) Printing and Stationery                    | 831,554            | 1,321,512          |
| i) Advertisement                              | 55,360             | 1,642,261          |
| j) Electricity Charges                        | 8,898,314          | 7,025,789          |
| k) Telephone Charges                          | 2,238,314          | 3,540,852          |
| l) Rent                                       | 3,158,179          | 3,383,348          |
| m) Rates & Taxes                              | 7,217,653          | 20,569,809         |
| n) Travelling & Conveyance Exp.               | 9,077,935          | 12,096,240         |
| o) Postage & Telegram                         | 198,554            | 327,835            |
| p) Books & Periodicals                        | 57,386             | 163,673            |
| q) Professional & Consultancy Exp.            | 12,494,754         | 13,698,151         |
| r) Vehicle Maintenance                        | 5,346,720          | 4,870,684          |
| s) Business Promotion Expenses                | 2,246,976          | 2,201,863          |
| t) Audit Fees & Internal Audit Expenses       | 2,899,600          | 4,193,845          |
| u) Office Maintenance                         | 3,433,074          | 5,777,056          |
| v) Donation                                   | 16,650             | 227,800            |
| w) General Expenses                           | 3,824,985          | 1,174,936          |
| x) Insurance Charges                          | 13,049,869         | 11,386,637         |
| y) Testing Fees                               | 51,445             | 88,311             |
| z) Legal Charges                              | 111,600            | 453,215            |
| aa) Directors' Remuneration                   | 5,218,069          | 17,555,911         |
| ab). Sitting Fees                             | 909,238            | 179,886            |
| ac). Bad debts Written off                    | 7,343,031          |                    |
| ad) Meeting Expenses & AGM Expenses           | 388,106            | 960,659            |
| ae) Windmill Maintenance                      | 8,243,836          | 8,334,012          |
| af) Application Fee & Subscription Fee        | 1,898,602          | 6,559,208          |
| ag) AMC Charges                               | 413,544            | 418,936            |
| ah) Loss on Sale of Asset                     | -                  | 102,446            |
| ai) Processing Charges                        | 13,079,763         | 18,635,620         |
| aJ) Preliminary Expenses (Written Off)        | 1,880,766          | 302,124            |
| aK) Open Access Charges                       | 6,716,843          |                    |
| <b>Total</b>                                  | <b>306,878,365</b> | <b>408,724,430</b> |

**ADDITIONAL NOTES**

**NOTE NO: 22 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 recognized 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 recognized 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 unrealized 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, 2014.

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 |
|--------------------------------------|--|-----------|--------------------------|
|                                      | 2013 -14   | 2012 – 13 |                          |
| <b>A. Subsidiaries</b>               |  |           |                          |
| Surana Power Limited                 | 100%   | 100%      | India                    |
| Surana Mines and Minerals Ltd        | 100%   | 100%      | Singapore                |
| Surana Green Power Ltd               | 100%   | 100%      | India                    |
| Uday Energy India Pvt Ltd            | 100%   | 100%      | India                    |
| Surana Holding PTE Ltd               | 100%   | 100%      | India                    |
| <b>B. Stepdown Subsidiaries</b>      |  |           |                          |
| PT Borneo Mines and Minerals Limited | 51%  | 51%       | Indonesia                |
| Surana Green Energy Ltd              | 72.76%   | 100%      | India                    |
| Power India(Singapore) Pte Ltd       | 80%  | -         | Singapore                |

**NOTE NO 23. EARNINGS PER SHARE:**

(Amount in Rs. Except for Share Data)

| Particulars  | 2013-14        | 2012-13    |
|--|----------------|------------|
| Profit after Tax   | -1,717,433,990 | 36,041,495 |
| Number of Equity shares in numbers                             |                |            |
| Weighted average number of shares                              | 44,519,067     | 41,939,993 |
| No of Potential share holders                                  |                |            |
| - FCCB   | -              | 7,774,445  |
| - Share Warrant  |                |            |
| Total number of share holding including potential shareholders | 44,519,067     | 41,939,993 |
| Basic EPS  | (38.58)        | 0.86       |
| Diluted EPS  | (38.58)        | 0.86       |

**NOTE NO 24. DEFERRED TAX LIABILITY (NET)**

(Amount in Rs.)

| PARTICULARS  | 31 <sup>st</sup> March 2014 | 31 <sup>st</sup> March 2013 |
|--|-----------------------------|-----------------------------|
| <b>Deferred Tax Liability</b>  |                             |                             |
| On account of differences between WDV as per Income Tax Act and WDV as per Companies Act (A) | 874,139,949                 | 1,66,70,15,648              |
| <b>Deferred Tax Asset</b>  |                             |                             |
| On account of Losses available under the Income Tax Act (B)                                  | 975,704,557                 | 83,48,33,782                |
| Net Deferred Tax Liability (A) – (B)   | (127,155,850)               | 83,21,81,866                |
| Deferred Tax Asset   |                             | 1,93,88,252                 |
| Amount Debited / (Credited) to Profit and Loss Account on account of Deferred Tax            | 164,815,952                 | 21,12,75,885                |

**NOTE 25.** As per Accounting Standard (AS-15) “Employee Benefits”, the disclosure of employee benefits as defined in the Accounting Standard is given below:

**POST RETIREMENT BENEFIT – GRATUITY**

(Amount in Rs.)

| <i>Particulars</i>   | <i>2013-14</i> | <i>2012-13</i> |
|--|----------------|----------------|
| Reconciliation of opening and closing balances of obligation |                |                |
| Liability at the beginning of the year                       | 19,170,571     | 79,13,009      |
| Interest Costs   | 1,344,851      | 6,36,205       |
| Current Service Costs  | 4,608,559      | 1,06,21,357    |
| Benefit Paid   | (1,588,462)    | 0              |
| Actuarial (gain)/Loss on obligation                          | (5,590,874)    |                |
| Liability at the end of the period                           | 18,944,645     | 1,91,70,571    |

**POST RETIREMENT BENEFIT – EL ENCASHMENT**

(Amount in Rs.)

| <i>Particulars</i>   | <i>2013-14</i> | <i>2012-13</i> |
|--|----------------|----------------|
| Reconciliation of opening and closing balances of obligation |                |                |
| Liability at the beginning of the year                       | 3,195,670      | 23,70,430      |
| Interest Costs   | 151,324        | 1,79,678       |
| Current Service Costs  | 1,824,401      | 9,53,061       |
| Benefit Paid   | (51,427)       | 0              |
| Actuarial (gain)/Loss on obligation                          | (606,756)      | (3,07,499)     |
| Liability at the end of the period                           | 4,513,212      | 31,95,670      |

**NOTE NO 26. FOREIGN CURRENCY TRANSACTIONS:**

(Amount in Rs. )

| PARTICULARS                         | 2013-14     | 2012-13     |
|-------------------------------------|-------------|-------------|
| 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) | Nil         | 108,260,893 |
| Foreign Travel Expenses             | Nil         | 3,253,623   |
| Interest Paid                       | 113,727,742 | 52,356,780  |
| Import of Capital Goods             | 24,213,314  | 661,717,762 |

**NOTE NO 27. SEGMENT REPORTING:**

Information about Primary business segment

(Rs. In Lakhs)

| PARTICULARS   | STEEL    | OTHERS   | TOTAL    |
|---|----------|----------|----------|
| Total Revenue   | 55,451   | 8,054    | 63,511   |
| Segment revenue before exceptional items, interest and tax    | (23,388) | (3,276)  | (26,664) |
| Less: Net Financial Charges                                   | 14,806   | 2,822    | 17,628   |
| Profit before exceptional items and tax                       | (8,581)  | (455)    | 9,036    |
| Less: Exceptional items                                       |          |          |          |
| Profit after exceptional items and tax                        | (8,581)  | (455)    | (9,036)  |
| Taxes   | (7,841)  | (1,648)  | (9,490)  |
| Profit after Taxes  | (15,546) | (1,648)  | (17,174) |
| Segment Assets  | 73,247   | 10,932   | (84,178) |
| Segment Liabilities   | 51,655   | 33,378   | (85,033) |
| Total cost incurred during the year to acquire segment assets |          |          |          |
| Segment Depreciation  | 3,192.79 | 1,673.47 | 4,866.26 |
| Non cash expenditure other than depreciation                  |          |          |          |

**Information about secondary segment:**

| Particulars                                 | 2013-14     | 2012-13     |
|---|-------------|-------------|
| Revenue by Geographical Market              |             |             |
| - India                                     | 1,49,763.60 | 1,36,718.14 |
| - Outside India                             | 288.27      | 53.60       |
| Total                                       | 150051.87   | 1,36,771.74 |
| Additions to Fixed Assets/Intangible assets |             |             |
| - India                                     | 1002.18     | 16,079.84   |
| - Outside India                             |             |             |
| Total                                       | 1002.18     | 16,079.84   |
| Carrying amount of Segment Assets           |             |             |
| - India                                     | 91,574.03   | 96,164.71   |
| - Outside India                             | 884.46      | 903.53      |
| Total                                       | 92,458.49   | 97,068.24   |

**NOTE NO 28. Balance confirmation point from standalone balance sheet.**

**NOTE NO 29.** Figures in financial statements and notes have been rounded off to nearest rupee. Quantity figures have been rounded off to the nearest metric tonne.

**NOTE NO 30.** Previous year's figures have been regrouped, recast and re arranged wherever found necessary.

**Signatories to Notes (1 to 30)**

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

**For and on behalf of the Board**

**G.R.Surana** Chairman  
**DIN 00007105**  
**Dineshchand Surana** Managing Director  
**DIN 00007032**  
**Krishna Udupa** Director Project  
**DIN 00009806**

**Venkatraman** Company Secretary

Place : Chennai  
Date : 30.05.2014



**STATEMENT ANNEXED TO THE CONSOLIDATED ACCOUNTS PURSUANT TO APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT,1956, RELATING TO SUBSIDIARY COMPANIES AS AT 31ST MARCH 2014**

| S.No. | Particulars              | Surana Power Ltd | Surana Green Power Ltd | Surana Mines & Minerals Ltd | Uday Energy Pvt Ltd * | Surana Holdings Pte Ltd |
|-------|--------------------------|------------------|------------------------|-----------------------------|-----------------------|-------------------------|
| 1     | Share Capital            | 3,176,492,000    | 605,076,000            | 705,436,052                 | 100,000               | 312,929                 |
| 2     | Reserves                 | 902,377,063      | 299,163,729            | (58,563,669)                | (41,068)              | (1,176,935)             |
| 3     | Total Assets             | 22,078,829,146   | 1,494,816,936          | 813,169,198                 | 416,775               | 145,874                 |
| 4     | Total Liabilities        | 22,078,829,146   | 1,494,816,936          | 813,169,198                 | 416,775               | 145,874                 |
| 5     | Investments              | -                | -                      | -                           | -                     | -                       |
| 6     | Income                   | 710,937,439      | 88,301,928             | 6,165,210                   |                       | 3,726                   |
| 7     | Profit/(Loss) Before Tax | (290,741,607)    | (34,101,095)           | (2,423,406)                 | (14,888)              | (356,351)               |
| 8     | Taxes                    | (174,502,040)    | 9,686,088              | -                           |                       |                         |
| 9     | Profit/(Loss) After Tax  | (116,239,567)    | (43,787,183)           | (2,423,406)                 | (14,888)              | (356,351)               |
| 10    | Proposed Dividend        | -                |                        |                             | --                    |                         |

**For and on behalf of the Board****G.R.Surana**  
Chairman**Dineshchand Surana**  
Managing Director**Krishna Udupa**  
Director -Project**Venkatraman**  
Company Secretary

Place : Chennai

Date : 30th May 2014

# Surana Industries Limited

CIN:L27104TN1991PLC020533

## Surana Industries Limited

CIN: L27104TN1991PLC020533

**Registered Office:** No. 29, Whites Road, 2<sup>nd</sup> floor, Royapettah, Chennai- 600014.  
PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting

|            |  |
|------------|--|
| DP ID*     |  |
| Client ID* |  |

|              |  |
|--------------|--|
| Folio No.    |  |
| No.of Shares |  |

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the 23<sup>rd</sup> ANNUAL GENERAL MEETING of the Company at The Music Academy, "Kasturi Srinivasan Hall", No.168, T.T.K. Road, Royapettah, Chennai 600 014 on Friday, July 18, 2014 at 9.30 a.m.

\*Applicable for investors holding shares in electronic form

Signature of Shareholder / Proxy

Tear here

**PROXY FORM**

## Surana Industries Limited

CIN: L27104TN1991PLC020533

**Registered Office:** No. 29, Whites Road, 2<sup>nd</sup> floor, Royapettah, Chennai- 600014.

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

|                        |  |
|------------------------|--|
| Name of the member(s): |  |
| Registered Address:    |  |
| e-mail Id:             |  |
| Folio No/ Client ID:   |  |
| DP ID:                 |  |

I/We, being the member(s) of \_\_\_\_\_ shares of Surana Industries Limited, hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him;
2. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him;
3. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_;

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company, to be held on Friday, July 18, 2014 at 9.30 a.m. at The Music Academy, "Kasturi Srinivasan Hall", No.168, T.T.K. Road, Royapettah, Chennai 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

| RESOLUTIONS   | FOR | AGAINST |
|---|-----|---------|
| <b>Ordinary business</b>  |     |         |
| 1. Consider and adopt the Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2014. |     |         |
| 2. Re-appointment of Dr. B. Samal who retires by rotation.  |     |         |
| 3. Re-appointment of Dr. S.K Gupta who retires by rotation.   |     |         |
| 4. Re-appointment of Shri. K.N Prithviraj who retires by rotation.                                      |     |         |
| 5. Appointment of Statutory Auditors and fixing their remuneration.                                     |     |         |
| <b>Special business</b>   |     |         |
| 6. Borrowing powers under Section 180 of the Companies Act, 2013  |     |         |

Signed this..... day of.....2014

Signature of shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Affix a  
1.Re  
Revenue Stamp