



# Surana Industries Limited

CIN : L27104TN1991PLC020533

Regd. Office Cum Factory . : F-67, 68 & 69, SIPCOT Industrial Complex,  
Gummidipoondi - 601 201. ★ Tele : +91-44-2792 2880 ★ Grams : "GURUHASTI"  
Email: surana@suranaind.com ★ Website : www.suranaind.com



Ref: SIL/SEC/112 /FY2017-2018

October 11, 2017

|   |   |
|---|---|
| <b>The Manager,</b><br><b>National Stock Exchange of India Limited,</b><br>Listing Department,<br>Exchange Plaza, Bandra-Kurla complex,<br>Bandra (E), Mumbai – 400051. | <b>The Deputy General Manger,</b><br><b>Department of Corporate Services,</b><br><b>Bombay Stock Exchange Limited,</b><br>23 <sup>rd</sup> Floor, PJ Towers, Dalal Street,<br>Mumbai - 400 001. |
|---|---|

**Sub: Annual Report for the Financial Year 2016-17.**

**Ref: Scrip Code: 513597, Scrip ID: SURANAIND, Symbol: SURANAIND.**

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attached herewith the Annual Report for the Financial Year 2016-17.

This is for your information and records.

Thanking You,  
Yours Faithfully,

**For SURANA INDUSTRIES LIMITED**

*K. Vinoth*

**K.VINOTH**

**COMPANY SECRETARY**



GURUDEV



## **FORWARD - LOOKING STATEMENT**

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decision. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

|                            |                                      |
|----------------------------|--------------------------------------|
| Shri. Babu Srinivasan      | Non – Executive Independent Chairman |
| Shri. Dineshchand Surana   | Managing Director                    |
| Smt. Agnes Roselind Joseph | Independent Director                 |
| Shri. Rajesh Kumar Gupta   | Nominee Director (IFCI)              |

### SENIOR MANAGEMENT

|                              |  |
|------------------------------|--|
| Shri. Rahul Dinesh Surana    | Group - Chief Executive Officer          |
| Shri. Devarajan.K.E          | Group - Chief Accounting Officer         |
| Shri. K.Vinoth               | Company Secretary and Compliance Officer |
| Shri. V. Ramesh Babu         | GM – Human Resource & Administration     |
| Shri. Naveen Bokadia         | GM – Operation - Gummudipoondi Plant     |
| Smt. N. Sasikala             | AGM – Finance                            |
| Smt. Hamsa Jananee Sivakumar | AGM - Accounts                           |

### AUDITORS

**M/s. VDSR & Co, Chartered Accountants,**  
3A, 3<sup>rd</sup> Floor, Amber Crest Apartments,  
No.37, Pantheon Road (Near Mercury hospital),  
Egmore, Chennai – 600008.

**Statutory Auditor**

**M/s. JV Associates, Cost & Management Accountant,**  
Q - 4, Lotus Colony, Nandanam, Chennai - 600 035.

**Cost Auditor**

**M/s. K. Balaji & Co, Chartered Accountants,**  
No.08, Pilliar Koil Street, ESA pallavaram,  
Chennai – 600 043.

**Internal Auditor**

**M/s. Lakshmmi Subramanian & Associates,**  
Practicing Company Secretaries,  
81, Murugesu Naicker Office Complex,  
Greens Road, Chennai - 600 006.

**Secretarial Auditor**

---

## **REGISTRARS AND SHARE TRANSFER AGENTS**

---

**M/s. Cameo Corporate Services Ltd,**  
“Subramanian Building”, 5<sup>th</sup> Floor, No.1,  
Club House Road, Chennai - 600 002.

---

### **REGISTERED OFFICE**

---

F67, 68 & 69, SIPCOT Industrial Complex,  
Gummudipoondi, Thiruvallur,  
Tamilnadu – 601 201.  
Phone: 044 – 27922880, 044 – 27922881 Fax: 044 – 27922880  
Email: [surana@suranaind.com](mailto:surana@suranaind.com) Web: [www.suranaind.com](http://www.suranaind.com)

---

### **BRANCH OFFICE**

---

No. 303, Ritual Park, Arumugam Circle, Basavangudi,  
Bangalore - 560 004.

---

### **FACTORY ADDRESS**

---

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

## BANKERS & FINANCIAL INSTITUTIONS

|                                  |  |
|----------------------------------|--|
| <b>ALLAHABAD BANK</b>            | Industrial Finance Branch, No. 41, Mount Road, Chennai - 600 002.                                      |
| <b>BANK OF BARODA</b>            | Corporate Financial Services Branch, No. 74, Thiyagaraya Road, T. Nagar, Chennai - 600 017.            |
| <b>BANK OF INDIA</b>             | Large Corporate Banking Branch, IV Floor, Tarapore Tower, No. 826, Anna Salai, Chennai - 600 002       |
| <b>BANK OF MAHARASTRA</b>        | No. 116, Broadway Branch, Sri Gujarati Mandal Bhavan, Chennai - 600 108                                |
| <b>CANARA BANK</b>               | Teynampet Branch, No. 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</b>                 | Corporate Banking Group, 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>      | ARMB – Asset Recovery Management Branch, No.46-49, Royapettah High Road, Royapettah, Chennai – 600014. |
| <b>STATE BANK OF INDIA</b>       | Stressed Asset Management Branch, No.32, Montieth Road, Egmore, Chennai - 600008                       |
| <b>SYNDICATE BANK</b>            | Corporate Finance Services Branch, No. 170, Eldams Road, Teynampet, Chennai - 600 018.                 |
| <b>UCO BANK</b>                  | IB Branch, PLA Towers, No. 328, Thambu Chetty Street, Chennai - 600 001.                               |
| <b>IFCI</b>                      | Continental Chambers, No.142, Mahatma Gandhi Road, Post Box No.3318, Chennai - 600 034.                |

## CONTENTS

| <b>PARTICULARS</b>   | <b>PAGE NOS.</b> |
|--|------------------|
| Notice of AGM  | 001-008          |
| Directors Report and Management Discussion & Analysis Report         | 009-040          |
| Annexure A to E to Director's Report                                 | 041-058          |
| Corporate Governance Report  | 059-080          |
| Independent Auditor's Report on Standalone Financials and Annexure   | 081-094          |
| Standalone Balance Sheet   | 095-095          |
| Standalone Statement of Profit and Loss                              | 096-096          |
| Standalone Cash Flow Statement                                       | 097-099          |
| Standalone Statements of changes in Equity                           | 100-100          |
| Notes to Standalone Financial Statements                             | 101-147          |
| Independent Auditor's Report on Consolidated Financials and Annexure | 148-155          |
| Consolidated Balance Sheet   | 156-156          |
| Consolidated Statement of Profit and Loss                            | 157-157          |
| Consolidated Cash Flow Statement                                     | 158-160          |
| Consolidated Statements of changes in Equity                         | 161-161          |
| Notes to Consolidated Financial Statements                           | 162-209          |

*“This space is intentionally left blank”*

GURUDEV



## **SURANA INDUSTRIES LIMITED**

**(CIN: L27104TN1991PLC020533)**

### **AGM NOTICE**

Regd Office: F67, 68 & 69, SIPCOT Industrial Complex, Gummudipoondi,  
Thiruvallur, Tamilnadu – 601 201, India.

Phone: 044 - 2792 2880 Fax: 044 – 2792 2880

Email: [secretarial@suranaind.com](mailto:secretarial@suranaind.com), Website: [www.suranaind.com](http://www.suranaind.com)



*“This space is intentionally left blank”*

**NOTICE OF 26<sup>th</sup> ANNUAL GENERAL MEETING  
OF  
SURANA INDUSTRIES LIMITED**

**Notice** is hereby given that 26<sup>th</sup> (Twenty Sixth) Annual General Meeting of M/s. Surana Industries Limited will be held on the Friday, the 22<sup>nd</sup> September, 2017 at 10.00 a.m. at Le Raj Courtyard, 131/10, G.N.T. Road, Verkardu Village, Gummudipoondi Bypass, Thiruvallur - 601201 to transact the following businesses:

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Balance Sheet as at **31<sup>st</sup> March, 2017** 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 place of **Shri. Dineshchand Surana**, Director who retires by rotation and being eligible, offers him for re-appointment.
- 3) To appoint the statutory auditors of the company and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

**“RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendation of the audit committee of the Board of Directors, **M/s. VDSR & Co, Chartered Accountants, Chennai** having Firm Registration Number 001626S be and hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 31<sup>st</sup> Annual General Meeting of the Company, subject to ratification of members in each Annual General Meeting and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2018 as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed upon between the auditors and the Board of Directors”

**SPECIAL BUSINESS:**

- 4) To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution:**

**RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITOR FOR THE FINANCIAL YEAR 2017-18:**

**“RESOLVED THAT** pursuant to the provisions of Sections 141, 148 and other applicable provisions, if any of the Companies Act, 2013 and rules made there under and subject to such guidelines and approvals as may be required from the Central Government, the company hereby approves and ratifies

the remuneration of **Rs.1,00,000/- (Rupees One Lakh Only)** plus applicable taxes and out of pocket expenses payable to **M/s. JV Associates, Cost and Management Accountants, Chennai** having Firm Registration Number : 100212, who was appointed as Cost Auditor of the Company for the Financial Year **2017-18.**”

Date : August 12, 2017

Place: Gummudipoondi

**By Order of the Board of Directors**

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT 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 I.E BY 10.00 A.M. ON FRIDAY, 22<sup>nd</sup> SEPTEMBER, 2017.
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 are requested to bring their 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 together with their respective specimen signature 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, disclosure of relationships between directors inter-se, names of listed entities in which they hold directorships and memberships/chairmanships of Board Committees, their shareholding as stipulated under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, are annexed with this notice.
6. A Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the Special Business under item number 4 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 is open for inspection at the Registered Office of the company between 10.30 A.M. to 01.00 P.M on all working days.
9. The register of members of the company shall remain closed from September 16, 2017 to September 22, 2017 (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 and 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. 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.
13. 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.
14. 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.
15. 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.
16. 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.

17. 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.
18. 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.
19. The Company has appointed Smt. Lakshmmi Subramanian, Senior Partner, [M.No .3534] of M/s. Lakshmmi Subramanian & Associates, Practicing Company Secretary, as Scrutinizer for conducting the e-voting process in a transparent manner.
20. In terms of Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and conditions specified under the Companies (Management and Administration) Rules, 2014, or amendments made thereto, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, September 15, 2017, i.e. the cut-off date taken by the Company for the purpose of e-voting.

**E-voting process:**

21. The instructions for members for voting electronically are as under:-
  - (i) The voting period begins on September 19, 2017 at 10.00 AM and ends on September 21, 2017 at 05.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date September 15, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on Shareholders.
  - (v) 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.
  - (vi) Next enter the Image Verification as displayed and Click on Login.
  - (vii) 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 password is to be used.

(viii) If you are a first time user follow the steps given below:

|  | <b>For Members holding shares in Demat Form and Physical Form</b>  |
|--|--|
| PAN  | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• 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 8 digits of the sequence number in the PAN Field.</li> <li>• 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 in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul> |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>   |

(ix) After entering these details appropriately, click on “SUBMIT” tab.

(x) Members holding shares in physical form will then directly reach 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.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) 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.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) 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).

“This space is intentionally left blank”

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following statements set out all material facts relating to the special business mentioned in the accompanying notice:

### **ITEM NO.4:**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records maintained by the Company.

On the recommendation of the Audit Committee, the Board has considered and approved the appointment of **M/s. JV Associates, Cost & Management Accountants, Chennai** having Firm Registration Number: 100212 as the Cost Auditor for the financial year **2017-18** at a remuneration of **Rs.1,00,000/-** (Rupees One Lakhs Only) per annum plus service tax, out of pocket, travelling expenses, etc., as may be mutually agreed between the Board of Directors and the Auditors.

In accordance with the provisions of the Section 148 of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders of the Company.

The board recommends the same to the members for their approval.

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

“This space is intentionally left blank”



**Details of Director seeking re-appointment pursuant to Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Profile of Shri. Dineshchand Surana**

|  |   |
|--|---|
| Name   | Shri. Dineshchand Surana  |
| Father's Name  | (Late) Shri. Udairaj Surana   |
| Age  | 51 Years  |
| Expertise in Specific functional area                      | Steel & Iron Industry   |
| Background Details   | Shri. Dineshchand Surana, aged 51 years, is presently the Managing Director of the Company. He belongs to a business family and hails from Rajasthan. He has 30 years of experience in the Steel Industry. He also has long years of experience in managing the affairs of the Company. He has extensively travelled across many countries such as Taiwan, Russia and Romania and has gained considerable expertise in the steel making process. Shri Dineshchand Surana has played a key role in evolution of Surana Industries Limited from a small size steel manufacturer and trader to one of the major Integrated Special Steel manufacturers in the Country. |
| Other Listed company Directorship                          | Nil   |
| Chairmanship & Membership of other Committees of the Board | Nil   |
| Relationship with other Directors                          | 1,14,59,458*<br><br>*(In-principle approval for allotment of 63,91,582 equity shares are obtained from BSE & NSE, however listing applications are pending for approval by the Stock Exchanges, due to non-completion of corporate action with NSDL & CDSL (Due to non release of pledge of promoter holdings by the consortium for doing corporate action))  |
| Relationship between Directors Inter-se                    | Nil   |

Place: Gummudipoondi  
Date : August 12, 2017

**By Order of the Board of Directors**

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

## DIRECTOR'S REPORT & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**To**

**The Members,**

The Directors of the Company present to you the 26<sup>th</sup> Annual Report of the Company, together with the Audited Balance Sheet as at **31<sup>st</sup> March, 2017** and the Statement of Profit and Loss for the year ending on **31<sup>st</sup> March, 2017**.

### 1. FINANCIAL RESULTS

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

(Rs. in Crores)

| PARTICULARS                            | 2016-17  | 2015-16  |
|--|----------|----------|
| NET REVENUE                            | 68.41    | 602.76   |
| PROFIT BEFORE TAX AND DEPRECIATION     | (568.47) | (483.52) |
| <b>PROFIT /(LOSS) BEFORE TAX (PBT)</b> | (608.26) | (525.72) |
| PROVISION FOR CURRENT TAX              | -        | -        |
| TAX EXPENSE                            | -        | -        |
| <b>PROFIT AFTER TAXES/(LOSS) (PAT)</b> | (608.26) | (525.72) |

#### 1.1 FINANCIAL PERFORMANCE

The Company has achieved Net sales of Rs. 63.24 Crores for the year ended 31<sup>st</sup> March, 2017 as compared to Rs.584.83 Crores in the previous year.

The Company has incurred a net loss of Rs. 608.26 Crores as against a net loss of Rs. 525.73 Crores in the previous year. The losses are attributable due 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 faced with irregular power supply and adverse market conditions.

#### 1.2 CORPORATE DEBT RESTRUCTURING (CDR)

The company approached the lenders for restructuring of its loan liabilities which was done under the CDR route. The CDR EG on 07<sup>th</sup> March, 2014 approved the restructuring scheme of the lenders and accordingly MRA was signed between the company and the lenders on 24<sup>th</sup> March, 2014 effective from 01<sup>st</sup> June, 2013.

The lenders have restructured the debts of the Company to the extent of Rs.1331 Crores under the CDR mechanism. All overdues have been restructured with effect from 01<sup>st</sup> June 2013, on the basis of the terms of moratorium and revised repayment schedule contained in the Final Letter of Approval (Final LOA) dated March 13, 2014. The package also includes a priority loan of Rs.41.72 Crores for balancing equipment required for the Rolling mill and electric arc furnace. Overdues on

the existing loans as on the Cut-off date have been converted into funded interest term loans. Further repayment of loans has been rescheduled over a 10 year period ending the year 2023.

#### **PREMISES BEHIND CDR:**

The company went under the aegis of Corporate Debt Restructuring with a cut-off date as June 01, 2013 due to the following major issues faced by the Company.

1. Non availability of Raw Materials due to the Iron Ore mining ban imposed by Honorable Supreme Court of India.
2. Deep depreciation of Indian Rupee in Dollar terms which had a cascading effect on the price of the raw materials.
3. Severe Power Cuts in the State of Tamil Nadu to the tune of 40% for High Tension Industry users resulting in low levels of manufacturing.
4. Labour Agitation and Strike resulting in drastic reduction of production and revenue generation resulting in liquidity constraint.
5. Interest burden also piled up in the wake of low production levels and non availability of Raw Materials.

#### **1.3 ISSUES POST CDR:**

##### **DELAY IN IMPLEMENTATION OF CDR PACKAGE:**

The CDR package was proposed/ projected to be implemented in December 2013 primarily considering a Cut-Off Date of 1<sup>st</sup> June 2013. However, there was considerable time delay due to consortium internal procedures and approvals resulting in the implementation of the CDR package only in March 2014. This had a cascading effect on the release of priority loan for refurbishment work which in turn had an effect on the re-commissioning and restart of operations at Raichur.

##### **LABOR AGITATION:**

The labor unrest and workforce agitation was one of the major issues faced by the Company which affected the operations of the Company significantly in the Financial Year 2012-13. Thereafter, during April–May 2013, the strike went out of hand with workers resorting to violence. Subsequently, with the intervention of Deputy Labor Commissioner (DLC), we were able to move positively to an agreement by way of having conciliation meeting with our employees. However, workforce was still not cooperative and resorted to unfair practices like theft/ go-slow/ sabotage causing damage to company's property during January-February 2014.

Thereafter, the company attended conciliation meetings based on representation from Centre of Indian Trade Unions (CITU), Raichur in the presence of Deputy Commissioner (DC), Raichur on 5<sup>th</sup> May, 2014. After Two (2) more rounds of conciliation meetings with the DC, it was decided to resolve the issue once and for all at the DLC's Chamber. Subsequently on 14<sup>th</sup> August 2014, the company could achieve some progress in this issue with some portion of the labor agreeing for amicable settlement.

Further to this, there continued to be some agitations/ sabotage/ theft/ strike at the plant and the company could get the issue completely resolved only after the District and Sessions Court, Raichur issued their Judgment vide Order No. 972/15 on 18<sup>th</sup> April 2015.

The aftermath of this issue, which is a “Force Majeure” condition (since the workforce resorted to agitation/ go-slow), not only had adverse effect on the operational performance of the company significantly in the Financial Year 2013-14 and Financial Year 2014-15 by way of huge losses but also took its toll on the precious time of the management as the company could not commence the operations of the plant from June 2014 onwards, as per CDR package.

In view of the above problem, the original plan of the company to restart the plant as per CDR projection was disturbed and this was further complicated due to non-release of funds (Priority Loan as well as Working Capital) from the lenders, in the absence of plant operations not being commenced resulting in a vicious circle.

The above facts were presented by the company during the various Joint Lenders Meeting (JLM) held in the presence of representative of CDR Cell. Though the lenders understood the difficulties faced by the company, adequate measures by way of releasing priority loan or enhanced working capital were not forthcoming from the lenders on account of various economic factors, especially the negative sentiments and market conditions prevailing in the Steel Sector.

#### **NON-RELEASE OF PRIORITY LOAN ON TIME:**

As a part of the CDR Package, priority loan to the tune of Rs.41.72 Crores was envisaged for release by the consortium of lenders for carrying out the refurbishment and re-commissioning of the Plant at Raichur. This release of priority loan was not made on time by the lenders. Though the company had bought in their contribution towards release of priority loan, the same was not forthcoming from the lenders. In fact, the first disbursement of the priority loan happened only in the month of December 2014 (9 months post the CDR implementation date) from IDBI Bank and 18 months from the cut of date. Further, after several rounds of follow up’s, written correspondences and representations during the JLM/ JLF/ MC meeting with the consortium of lenders, the Priority Loan was progressively released.

Even during the representations by the company during the JLM/ JLF for expeditious release of Priority Loan, unwarranted conditions would be stipulated by the lenders. For example, during the MC meeting with the consortium dated 25<sup>th</sup> February 2015, it was stipulated to the company that the release of priority loan would be subject to clearance of outstanding critical dues with all the lenders.

The lenders were aware that payment of critical dues would not be possible since the Raichur Plant was yet to commence operations in the absence of release of priority loan by the lenders. The cash flows from Gummidipoondi Operations were minimal and were utilized for meeting the day to day operational expenses of the company.

However, despite the above difficulties, the company has been unfailingly pleading and making request to all the lenders of the consortium about the release of priority loan on priority basis to enable recommissioning and restart of operations of the plant during every JLM starting from 26<sup>th</sup> September 2014. It may also be not out of place to mention that the entire release of priority loan is yet to happen fully and the majority of the amount released so far by the lenders has been utilized only for adjustment of their critical interest dues.

Moreover, after traversing one and half years post finalization of CDR proposal and one year post CDR implementation, the lenders were not aware of the purpose of the priority loan. The purpose of the Priority Loan (which was approved and sanctioned as part of the CDR Package) was debated at length during the JLM held on 19<sup>th</sup> June 2015 which was incongruous.

**NON-RELEASE OF ENHANCED WORKING CAPITAL:**

On account of the aforementioned vicious circle viz. non release of priority loan leading to non-restart of operations at Raichur, the release of working capital as per the sanctioned limits could not happen on a timely basis as per the CDR projections. This further affected the difficult situations since the company could not make payments to the Refurbishment/O & M agency.

Though the lead bank issued their working capital assessment note for the Financial Year 2014-15 as part of CDR itself in the Month of December 2013 and circulated to all the lenders, only few lenders took approval and released the same. The other lenders, however, took approval only for the Financial Year 2013-14 alone and for the Financial Year 2014-15, the approval and release is still continuing.

This Working Capital, which should be used for increasing top line ended up in servicing the debt/ interest obligations. This non-availability of WC contributed heavily to the delay of commencement of operation of Raichur Plant.

**STATUS OF WORKING CAPITAL ASSESSMENT RELEASE:****(Amount In Rs. Crs)**

| Bank                      | FY – 2013-14  |               | FY – 2014-15  |               | Pending       |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
|                           | Sanctioned    | Disbursed     | Sanctioned    | Disbursed     |               |
| IDBI Bank Ltd             | 78.15         | 78.15         | 133.49        | 133.49        | Nil           |
| Central Bank of India     | 41.35         | 37.21         | 76.28         | 37.61         | 38.67         |
| Allahabad Bank            | 34.64         | 34.64         | 57.21         | 45.65         | 11.56         |
| State Bank of India       | 28.70         | 26.51         | 50.88         | 28.70         | 22.18         |
| Oriental Bank of Commerce | 28.54         | 28.54         | 44.81         | 28.54         | 16.27         |
| Bank of India             | 23.39         | 23.39         | 40.87         | 23.39         | 17.48         |
| Canara Bank               | 27.72         | 27.72         | 53.81         | 27.72         | 26.09         |
| Bank of Baroda            | 15.97         | 15.97         | 27.92         | 15.97         | 11.95         |
| UCO Bank                  | 12.44         | 12.44         | 20.44         | 12.44         | 08.00         |
| Syndicate Bank            | 3.18          | 3.18          | 4.76          | 3.18          | 1.58          |
| Punjab National Bank      | 107.53        | 107.53        | 182.53        | 107.53        | 75.00         |
| <b>TOTAL</b>              | <b>401.61</b> | <b>395.28</b> | <b>693.00</b> | <b>464.22</b> | <b>228.78</b> |

During the period starting from April 2014 to September 2015, the company has made a total interest and overdue clearance payments of Rs. 130.34 Crores, for the consortium of lenders. Similarly, in the same period, the promoters had infused equity of Rs. 46.47 Crores. The consortium of lenders during the said period had released only Rs. 77.23 Crores as part of the enhanced working capital limits under the CDR Package.

On account of the above factors, there has been considerable delay in the implementation of CDR Package and delay in commencement of operations because of which set milestones could not be achieved.

However, the company in the right earnest and with available resources completed the refurbishment work for the DRI Plant and also completed the trial run. However, even at the behest of the company and the lead bank/ Monitoring Institution, release of enhanced working capital was not forthcoming.

Thereafter, during the JLM held on 19<sup>th</sup> June 2015, “MI requested the member banks to de-link the issue of release of enhanced WC limits, receipt of Fresh TEV Report and also assessment of

WC limits for Financial Year 2015-16. MI also requested member banks to expedite sanction of enhanced working capital limits as some of the banks had released enhanced WC limits for which Joint Documentation and security completion formalities were yet to be completed.

Due to the above factors, since the Raichur Plant could not recommence the operations, the Priority Loan which was released by the Lenders was used to adjust their critical interest dues.

**TEV STUDY:**

In view of the non release of enhanced working capital by some of the lenders consequentially leading to non-start of operations of the Plant, the Monitoring Committee was called on 27<sup>th</sup> August 2015 wherein the lenders deliberated amongst themselves and decided to consider Strategic Debt Restructuring (SDR) mechanism for the earlier revival and restart of the plant, for which the company rendered their full support and cooperation.

Based on the above deliberation and discussions amongst the consortium for considering SDR mechanism, the Monitoring Institution (MI) appointed ITCOT for carrying out the TEV Study, the final report of which had already been circulated to all the lenders.

**CORRECTIVE ACTION PLAN BY WAY OF SDR PROPOSED BY THE LENDERS:**

Subsequently on receipt of the report, IDBI vide their email dated 02<sup>nd</sup> November 2015 to all the lenders indicated the status of SDR mandate from the consortium, wherein it was been mentioned that the date of invocation of SDR would be 22<sup>nd</sup> September 2015 by the time 28 months completed from the CDR cut-off date.

It may be noted that the MI and lead bank has received SDR Sanctions/ Mandates from Seven (7) Lenders amounting to 50.44% of their total exposure. Subsequently, at the behest of lenders, M/s. Think Capital was appointed as an external consultant by MI for examining/ preparing SDR Package for the company. M/s. Think Capital was part of the JLM held on 27<sup>th</sup> August 2015 as well 11<sup>th</sup> September 2015 and gave their presentation/views on the same.

However, during the JLM held on 28<sup>th</sup> December 2015, it was informed by IDBI that some of the banks do not have the mandates to convert part of loan into equity under SDR route and lead bank requested all the other lenders to convey their mandates by the next high level JLM to be held at Mumbai in January 2016.

**HIGH LEVEL JLM AT MUMBAI:**

On 22<sup>nd</sup> January 2016, a high level Joint Lenders Meeting was held at Mumbai to discuss the way forward in terms of mandates from other lenders for invocation of SDR. During the meeting, it was concluded that requisite percentage of mandates for invocation of SDR was not available and hence SDR cannot be invoked as a corrective action plan for SIL.

It was opined that change of management could be considered for which the company as well as the lenders would in parallel scout for a potential buyer. Monitoring Institution (MI) also opined that change of management and restructuring could be considered outside SDR in line with RBI circular dated 24<sup>th</sup> September 2015. Subsequently a time till 15<sup>th</sup> March 2016 was given by the lender to SIL for finding an acceptable investor.

**STATUS POST HLJLM:**

The company identified a prospective investor M/s. TCP Limited (TPCL) for infusion of equity into the Company for restarting the ISP at Raichur, Karnataka and had a discussion with Lead Bank on

26<sup>th</sup> February 2016. In this regard, the company had sent a detailed letter including the background and presence of TCPL to the lead bank on 26<sup>th</sup> February 2016.

Subsequently a HLJLM was held at Chennai on 05<sup>th</sup> April 2016 to discuss on the investment proposal submitted by TCPL. During the meeting, MI informed the company that the change in management could be done only through transparent bidding process and requested TCPL to participate in their tender process which would be published in news dailies.

Further to the above, again a JLM was held on 02<sup>nd</sup> May 2016 to discuss on the way forward. During the meeting, MI informed that against the backdrop of IFCI declaring the company as Willful Defaulter though contested by the company, the member banks would initiate recovery measures against the company including SARFAESI.

#### **ISSUES WITH IFCI:**

The company had taken a corporate loan from IFCI. At the time of implementation/ proposal stages of CDR Package, at the behest of IFCI, in order to move forward, the company had offered additional collateral securities to IFCI, over and above the security stipulated by CDR EG. This was done since IFCI threatened the company that they would not be supporting the CDR Package without the collateral security in place.

In addition to the above, IFCI had computed their Pre-COD dues by considering an interest rate of 15% plus penal interest and other charges. Even after repeated request of the company, the calculation and basis for arriving at the Pre-COD dues by IFCI was not shared with the company at the time of implementation of CDR Package. Subsequently, post CDR implementation, the company requested IFCI crystallize the Pre-COD due by reducing the additional interest/ charges and penal interest which was not forthcoming from IFCI. Hence, the company approached IDBI Bank and other consortium lenders.

Based on the above request, MI invited IFCI as special invitee to the Monitoring Committee meeting dated 12<sup>th</sup> July 2014. However due to other prior commitments, IFCI did not attend the meeting. In the absence of IFCI and also to resolve this issue at the earliest, MI had sought views from member banks regarding payment of FITL interest to IFCI Ltd.

The MC members were of the view that post CDR, the security structure should be same for all lenders other than the lenders who had exclusive security pre CDR and the same was approved by CDR EG to continue post CDR also. The members also opined that since IFCI had not mentioned any additional security held by them in their sanction communicated to company post CDR, IFCI should release the additional securities and the same to be pooled to secure all lenders.

Subsequently during the MC Meeting held on 26<sup>th</sup> September 2014, IFCI officials informed lenders that reworking and release of exclusive securities would be considered by them only upon clearing the overdues and the same was communicated to the company on various occasions. Unexpectedly, it was decided by MI during the MC that “Since the matter was specific to company and IFCI, the member banks requested both the company and IFCI to solve the issue amicably and inform MI about their decision.”

Even after the above aspects, the company decided and put their all out efforts to resolve the issue with IFCI by written communication, personal representation at the highest level and during various correspondences/ meetings. However, the results were not fruitful.

Thereafter, during the JLM held on 13<sup>th</sup> April 2015, the details of the additional security available with IFCI were divulged by the Company. The member banks after deliberations made by both the

parties felt that the issue should be amicably resolved between IFCI and the Company. Further, the member banks allowed time till 30<sup>th</sup> June 2015 for resolving the issue and requested IFCI to release the additional security held by them to the common pool. The member bank also resolved that in case if IFCI is not releasing the additional security within the stipulated time of 30<sup>th</sup> June 2015, the security extended to them as per CDR package would be revoked.

Once again, during the subsequent JLM held on 19<sup>th</sup> June 2015, MI requested the company to resolve the issue with IFCI, clear the overdues as per CDR package and report the development. After multiple meetings with IFCI, the differences of opinion on rate of interest calculation and release of security to common pool could not be resolved. Finally IFCI in January 2016 decided to declare the company and its managing director as willful defaulter on the grounds of company being deliberately avoiding payment of interest and installment dues. As per the legal opinion obtained by the company, the contention of IFCI is legally not tenable on the ground that the company had not generated any operational cash surplus and hence could not pay the interest. As far as the payment of interest to other lenders is concerned, the lenders had never given the money to the common TRA for usage by the company for its operations and had instead adjusted it towards their interest dues as and when it became due.

Further, IFCI, suo moto has invoked Section 13 (2) of SARFAESI Act to recall the loans extended to the company. As per the legal opinion obtained by the company, IFCI has faulted in invoking Sec 13 (2) of the SARFAESI act, as it being a member of the consortium and signatory to MRA, under sec 13 (9) of the SARFAESI act, the revocation / recalling of loan can happen only after 60% of the lenders consortium agree to do the same. In this regard, the company had written to Reserve Bank of India a detailed letter on March 16, 2017 and Reserve Bank of India vide its letter dated May 22, 2017 has mentioned that the matter will be examined and shall revert back to the company shortly.

#### **CURRENT SCENARIO:**

The consortium of lenders led by M/s. IDBI has initiated steps under SARFAESI with respect to our Gummudipoondi and Raichur factories. In the integrum, the company had multiple level of negotiations with labor union in presence of DLC, Raichur and have amicably arrived at an understanding wherein the demands of the labors have been satisfied to a great extent.

Accordingly, the labor force since March, 2017 has started clearing the vegetation at Raichur factory. However, on May 05, 2017 the factory was physically possessed by the consortium under SARFAESI.

On physical possession, the company had requested the consortium to give the company, the limited access to the plant at Raichur for cleaning, up-keeping and maintenance of plant and machinery, so that the economic value of the plant does not erode. The company with the positive improvements in the steel sectors and with the support of the creditors is interested to re-start the DRI operations on a holding on basis. In case of the permission for the same is given by the consortium, the company can re-start the plant in immediately. In this regard and also with the view to maintain the economic value of the plant, we have requested the consortium to permit access to our plant to do the various parity checks and up keep the value of plant.

Further to the above, the company vide its letter dated June 23, 2016 informed the consortium bankers that the company has been in touch with various vendors in and around Karnataka area who have shown interest in starting the plant on a strategic investment basis. The discussion with these interested parties has come to a matured stage whereby, the DRI plant can be restarted immediately as there is a readymade market for the finished products. With the support of such



strategic partners, the company is confident of starting the DRI plant operations at Raichur in the first available opportunity. Further, the company also informed that as a next step of restarting the plant, the company is in the process of initiating discussions with various statutory bodies of Karnataka for getting necessary permissions and approvals to make the payments due to them in a phased manner. In addition to this, the company is already in the process of reducing the laborers to maintainable/sustainable levels. In case of the lenders consortium permitting the company to restart the operations on a holding on basis, the company can immediately take steps to restart the Raichur Operations. However, the company is yet to receive the approval from the consortium to commence the production on “Holding on operations”

Further, the company had requested the consortium to consider the deep restructuring debts of the company in line with the latest RBI circular no. DBR.BP.BC.No.67/21.04.048/2016-17 issued by Reserve Bank of India on May 05, 2017.

## **2. SHARE CAPITAL:**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2017 was Rs. 50.91 Crores.

## **3. DIVIDEND:**

Your Directors have not recommended any dividend for the financial year 2016-17 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.

## **4. MANAGEMENT DISCUSSION AND ANALYSIS:**

### **STEEL INDUSTRY OUTLOOK:**

#### **GLOBAL SCENARIO:**

##### **World Steel Short Range Outlook April 2017:**

The World Steel Association (world steel) released its Short Range Outlook (SRO) for 2017 and 2018. World steel forecasts that global steel demand will increase by 1.3% to 1,535.2 Mt in 2017, following growth of 1.0% in 2016. In 2018, it is forecast that global steel demand will grow by 0.9% and will reach 1,548.5 Mt.

##### **Global Economy Is Gaining Strength, But Uncertainty Escalates:**

With the risk of global recession receding and economic performance improving across most regions, a number of geopolitical changes still create some concern. US policy uncertainties, Brexit, the rising populist wave in current European elections and the potential retreat from globalisation and free trade under the pressure of rising nationalism adds a new dimension of uncertainty in investment environments. To balance this, risks from ongoing conflicts in the Middle East and in Eastern Ukraine appear to be reducing. In the capital markets, the probable US FED interest rate increase and any appreciation of the US dollar is likely to have global impact. In particular, it may provoke capital outflows from the emerging economies and place a risk on corporate debt in the developing countries, which has climbed significantly over the last few years.

##### **Oil And Other Commodities:**

The pickup in oil prices in 2016 helped the fiscal position of oil producing countries. In 2017-18 oil prices are expected to show a moderate gain but any spike in oil prices to the levels seen in 2010- 12

seems unlikely despite the recent OPEC agreement on oil production cuts. Other commodity prices also rebounded due to stronger activities in China, but no further hikes are envisaged. The mildly rising oil prices may stimulate investment in economies worldwide

#### **Automotive Sector Will Decelerate, But Construction Sector Could Pick Up:**

The automotive sector has been the top performer among key steel using sectors thanks to the consumption driven recovery in the developed economies, low oil prices and the government stimuli programmes supporting automobile purchases in several countries.

However, this may now be approaching a peak. The construction, building and infrastructure sector, which accounts for 50% of global steel use, has been showing a divided picture between the developing and developed economies. This sector has been a major driver for steel demand in the developing countries driven by urbanisation, but activity in the developed economies since the 2008 financial crisis has been more subdued. This appears to be about to change with a recovery in construction activities apparent in the EU through the improving economic conditions and the potential renewal initiatives for infrastructure in the US. The machinery sector could also benefit from rising investment activities if the uncertainties surrounding the global economy can be contained. On the other hand, depression in shipbuilding activities is expected to continue for some time given the global glut in shipping capacity.

#### **China Slowdown:**

The economic rebalancing and reform agenda of the Chinese economy continued for the first half of 2016, only to be interrupted by the government's mini stimulus measures designed to reduce the speed of the decline. This produced a short term boom in infrastructure investment and the housing market, which stimulated demand for steel and other commodities. As a result, China's steel demand showed growth of 1.3% in 2016. While the Chinese economic outlook appears stable and steel demand continues to remain strong in the early part of 2017, this is expected to gradually decelerate as the government tries to retighten its real estate policies. China's steel demand is expected to remain flat in 2017 and then decline by -2% in 2018.

#### **Developed World:**

Benefiting from strong fundamentals, newly announced measures related to fiscal stimuli and rising infrastructure spending, the United States is expected to continue to lead growth in the developed world in 2017-18. However, despite a recovery in oil prices, a rebound of investments in the oil and gas sector may be limited given the increased efficiency of shale producers. The EU recovery is solidifying with many positive developments. Eurozone monetary policy is expected to remain on its current path, at least in 2017, while fiscal tightening is not expected to strengthen further and risk of disinflation has significantly receded. If political stability can be maintained, investment is expected to pick up to provide a further boost to the recovery. Benefiting from the improving global economy and weak yen, Japan's steel demand is expected to show a stable recovery. Steel demand in the developed economies will increase by 0.7 % in 2017 and 1.2 % in 2018.

#### **Developing World:**

Having dealt with the structural problems and fall in commodity prices, the Russian and Brazilian economies are stabilising and expected to show modest growth in 2017. Russian growth will continue to pick up in 2018 as structural reforms take more effect. After the demonetization shock, the Indian economy is expected to resume growth, although on a slightly weakened basis. The ASEAN countries are expected to demonstrate solid growth in 2017-18. However, the region remains vulnerable to

currency volatilities associated with US interest rate hikes and dollar appreciation. Steel demand in the emerging and developing economies excluding China, which accounts for 30% of world total, is expected to grow by 4.0% in 2017 and then 4.9% in 2018.

(Source: [www.worldsteel.org](http://www.worldsteel.org) website)

### **DOMESTIC INDUSTRY OVERVIEW:**

India was the world's third-largest steel producer in 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output. The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels.

During the year, India's steel sector was impacted by intense competitive pressure with a surge in domestic steel production and elevated level of steel imports at predatory pricing. In FY2016-17, India's crude steel production grew by 8.5% y-o-y to 97.4 million tonnes. India imposed 'Minimum Import Price' (MIP) in Feb 2016 on various iron and steel products, after seeing that the provisional safeguard duty of hot rolled sheet failed to have a desirable impact on unbridled and unfair flow of steel imports into the country. This was an emergency provision, which provided some relief to the industry.

Later on the Government imposed provisional anti-dumping duty on: hot rolled and cold roll products in August 2016; wire rods in November 2016; and colour coated rods in January 2017 as the industry needed adequate, swifter and longer shelf-life trade remedial measures to check unbridled and unfair steel imports. India also notified final safeguard duty on hot rolled sheets and plates in November 2016.

However, steel imports remained at around 8 million tonnes on an annualised basis, despite these trade remedial measures. The domestic steel industry suspects circumvention of these trade remedial measures. Therefore, a stringent monitoring mechanism is required. The situation was further aggravated by the fact that the apparent finished steel consumption in the country grew by just 2.6% y-o-y for the same period. India's steel demand was expected to gather momentum in the second half of FY2016-17, driven by the Government's measures to drive the economy and manage quantifiable progress on various policy reforms. Normal monsoon and the Seventh Pay Commission announcements were also likely to drive consumer discretionary spending. However, the steel demand did not see the desirable upswing in the second half of the year, amid poor liquidity, following the Government's de-monetisation initiative.

This led to a liquidity crunch and a contraction of the major consuming sectors such as real estate. However, this does not negate the fact that the long-term potential of the Indian steel industry remains bright. The opportunities for the industry have been identified and efforts are being taken by both public and private entities to achieve sustainable growth.

### **MARKET SIZE**

India's crude steel output grew 10.7 per cent year-on-year to 25.76 million tonnes (MT) during January-March 2017. India's crude steel output during April 2017 grew by 5.4 per cent year-on-year to 8.107 MT. India's finished steel exports rose 102.1 per cent to 8.24 MT, while imports fell by 36.6 per cent to 7.42 MT in 2016-17. India's steel exports rose 142 per cent in April 2017 to 747,000 tonnes over April 2016, while imports fell by 23 per cent to 504,000 tonnes in April 2017 over April 2016. Total consumption of finished steel grew by 3.4 per cent year-on-year at 6.015 MT during April 2017.

## GOVERNMENT INITIATIVES

Some of the other recent government initiatives in Steel sector are as follows:

- The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, as it seeks to create a globally competitive steel industry in India. NSP 2017 targets 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030.
- Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative, which will facilitate sale of finished and semi-finished steel products.
- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 30 million).

(Source: www.ibef.org website)

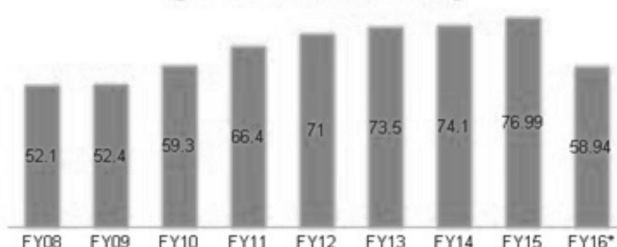
## ROAD AHEAD:

India is expected to become the second largest steel producer in the world by 2018, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, that has been approved by the Union Cabinet in May 2017, is expected to boost India's steel production.\* Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Steel demand has outpaced supply over the Last Five Years

- Driven by rising infrastructure development and growing demand for automotives, steel consumption is expected to reach 104 MT by 2017
- It is expected that consumption per capita would increase supported by rapid growth in the industrial sector, and rising infra expenditure projects in railways, roads & highways, etc.
- It is expected that consumption per capita would increase supported by rapid growth in the industrial sector, and rising infra expenditure projects in railways, roads & highways, etc.

### Real consumption of steel (in million tonnes)



Source: JPC India Steel, Ministry of Steel, TechSci Research  
Notes: MT - Million Tonnes, CAGR - Compound Annual Growth Rate, FY16\* - April-December 2015

## DOMESTIC SCENARIO

Post liberalization of the steel sector in 1991-92, the Indian steel industry has witnessed unprecedented growth. The steel sector in India, like any major steel producing country, shows a strong co-relation with growth in domestic economy.

The growth in Indian economy has fueled the infrastructure and industrial manufacturing sectors in the country which have in turn led to significant increase in steel demand. The domestic steel industry has in turn grown in line to meet the steel demand. From a modest capacity of 22 MT and production of 17 million tonnes of crude steel in 1991-92, it has grown by over 400% to reach a capacity of 122 MT and a production level of ~89 million tonnes in 2015-16. In fact, in 2015, India overtook the United States to become the third largest steel producer and is well on course to become the second largest producer soon. Even during the global economic downturn of 2008-09, when the steel industries of rest of the major producing countries faltered, Indian steel industry stood resilient.

The Indian steel industry also enjoys inherent advantages in terms of availability of high grade iron ore and non-coking coal – the two critical inputs of steel production. In addition, it also has a vast and rapidly growing market for steel, strong MSME sector and a relatively young work force with competitive labour costs. These factors have so far ably supported the growth of steel industry in the country.

The Indian steel industry has entered into a new development stage, post de-regulation, riding high on the resurgent economy and rising demand for steel. Rapid rise in production has resulted in India becoming the 3<sup>rd</sup> largest producer of crude steel in 2015 as well as in 2016. The country was the largest producer of sponge iron or DRI in the world during the period 2003-2015 and emerged as the 2<sup>nd</sup> largest global producer of DRI in 2016 (after Iran). India is also the 3<sup>rd</sup> largest finished steel consumer in the world and maintained this status in 2016. Such rankings are based on provisional data released by the World Steel Association for the above year.

In a de-regulated, liberalized economic/market scenario like India the Government's role is that of a facilitator which lays down the policy guidelines and establishes the institutional mechanism/structure for creating conducive environment for improving efficiency and performance of the steel sector. In this role, the Government has released the National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supply sides, by 2030-31.

The said Policy is an updated version of National Steel Policy 2005 which was released earlier and provided a long-term growth perspective for the domestic iron and steel industry by 2019-20. The Government has also announced a policy for providing preference to domestically manufactured Iron & Steel products in Government procurement. This policy seeks to accomplish PM's vision of 'Make in India' with objective of nation building and encourage domestic manufacturing and is applicable on all government tenders where price bid is yet to be opened. Further, the Policy provides a minimum value addition of 15% in notified steel products which are covered under preferential procurement. In order to provide flexibility, Ministry of Steel may review specified steel products and the minimum value addition criterion.

### **Production:**

- Steel industry was de-licensed and de-controlled in 1991 & 1992 respectively.
- India is currently the 3<sup>rd</sup> largest producer of crude steel in the world.

- In 2016-17 (prov.), production for sale of total finished steel (alloy + non alloy) was 100.74 mt, a growth of 10.7% over 2015-16.
- Production for sale of Pig Iron in 2016-17 (prov.) was 9.39 mt, a growth of 1.8% over 2015-16.
- India was the largest producer of sponge iron in the world during the period 2003-2015 and was the 2<sup>nd</sup> largest producer in 2016 (after Iran). The coal based route accounted for 79% of total sponge iron production in the country in 2016-17 (prov).
- Data on production / production for sale of pig iron, sponge iron and total finished steel (alloy stainless + non-alloy) are given below for last five years and April-May 2017:

| <b>Indian steel industry :(in million tonnes)</b>                       |                |                |                |                |                 |                        |
|---|----------------|----------------|----------------|----------------|-----------------|------------------------|
| <b>Category</b>   | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17*</b> | <b>April-May 2017*</b> |
| Pig Iron Production for sale  | 6.870          | 7.950          | 9.694          | 9.228          | 9.391           | 1.53                   |
| Sponge Iron Production  | 23.01          | 22.87          | 24.24          | 22.43          | 24.39           | 4.23                   |
| Total Finished Steel Production for sale (alloy/ stainless + non alloy) | 81.68          | 87.67          | 92.16          | 90.98          | 100.74          | 17.48                  |
| Source: Joint Plant Committee; *prov.                                   |                |                |                |                |                 |                        |

#### **Demand – Availability:**

- Industry dynamics including demand – availability of iron and steel in the country are largely determined by market forces and gaps in demand-availability are met mostly through imports.
- Interface with consumers exists by way of meeting of the Steel Consumers' Council, which is conducted on regular basis.
- Interface helps in redressing availability problems, complaints related to quality.

#### **OPPORTUNITIES FOR GROWTH OF STEEL IN PRIVATE SECTOR**

##### **THE NEW INDUSTRIAL POLICY REGIME**

The New Industrial policy opened up the Indian iron and steel industry for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are now freely permitted up to certain limits under an automatic route. Ministry of Steel plays the role of a facilitator, providing broad directions and assistance to new and existing steel plants, in the liberalized scenario.

The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new steel plants have also come up in different parts of the country based on modern, cost effective, state of-the-art technologies. In the last few years, the rapid and stable growth of the demand side has also prompted domestic entrepreneurs to set up fresh greenfield projects in different states of the country.

Crude steel capacity was 126.33 mt in 2016-17 (prov.), up by 3.6% over 2015-16 and India, which emerged as the 3<sup>rd</sup> largest producer of crude steel in the world in 2016 as per provisional ranking released by the World Steel Association, has to its credit, the capability to produce a variety of grades and that too, of international quality standards. The country is expected to become the 2nd largest producer of crude steel in the world soon.

## **CHALLENGES**

1. 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 of Goa has 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. 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.
2. 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.

## **FUTURE OUTLOOK OF THE INDUSTRY:**

In emerging economies the structural factors of population growth linked to urbanisation and (hopefully) industrialisation, suggest a bright future for our product. It is estimated that a bit more than 1 billion people will move to towns and cities between now and 2030. This major flow not only creates substantial new demand for steel to be used in infrastructure developments such as water, energy and mass transit systems as well as major construction and housing programmes, but the process of urbanisation also leads to an increased, and hopefully, more equitable distribution of wealth. This in turn drives demand for steel for additional consumer products such as household appliances, vehicles, and additional machine building that supports the industrial processes to manufacture these consumer goods.

Moreover, continued transformation of urban areas plays an important role even in the countries having already reached a high level of urbanisation. Cities are in the process towards improvements in city organisation and living standards. Over the last 10 years, many countries have started revising their urban policies to increase living standards in urban areas, to improve energy efficiency and to make cities more environmentally friendly. Given the expected population growth, emerging new applications for steel and more sophisticated steel applications, the global steel market has a potential to grow by between 700 and 1000 million tonnes in the next 50 years. That is equivalent to a market that is 60% larger than that of today. That between now and 2030; global use of steel will increase by as much as 400 million tons annually.

India being a developing economy with a large population. The forces of economic growth will require continued investments in new infrastructure, new and larger cities, machinery and production to employ more people and drive the economy forward. India already is the third largest producer of steel. It is also expected to be one of the fastest growing areas in steel use this year and next year.

The GDP/capita in India of around 5815 US\$ per person (2010 PPP), coupled with urbanisation that is below 35% of the total population and a steel use per person of less than 100 kg per person per year, are all indicating towards an economy that is approaching the structural conditions for rapid acceleration. This phase usually has its own challenges, such as lack of adequate availability of land, insufficient infrastructure, inadequate regulatory capacity, lack of sufficient manufacturing capacity and most large skills shortages. But for a country with imaginative managers, relatively competent bureaucracy and available raw materials the positives in the longer term outlast the negatives. In particular, the implementation of the reform agenda has a crucial importance for growth. Moreover, with good raw material supply conditions, a growing market and competent producers, the India is at the start of a new growth curve. It may not come immediately, but the fundamental conditions for growth is in place and is positive.

### **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, 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 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.

### **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.

## 5. OPERATIONS

### 5.1 SIL OPERATIONS AT GUMMUDIPOONDI PLANT

Production at Gummudipoondi Plant had adversely been affected for the last 4 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. Due to power shortage coupled with unfavourable market prices for end products have resulted in lower operation level at the plant during the year and forced the company to close the operations of the unit during the Month of October, 2016.

### 5.2 SIL OPERATIONS AT RAICHUR PLANT

#### EXISTING OPERATIONS

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

The Company was not able to re-start/re-commence its operation at Raichur due to non-release of enhanced working capital, non-release of priority loans on time and adjusting the same towards the critical interest dues of the Company. The company is using pellets for producing sponge iron due to non-availability of high grade iron ore lumps. However, the SMS Plant and Rolling Mill is expected to commence productions once the refurbishment work is completed which is subject to release of the priority loan by the consortium lenders and SARFAESI initiation against the said project.

The existing facilities at the Raichur plant are summarized below:

| Facility             | Metric Tonnes Per Annum |
|----------------------|-------------------------|
| DRI Plant            | 160,000                 |
| Electric Arc Furnace | 250,000                 |
| Billet Caster        | 240,000                 |
| Bar Mill             | 400,000                 |

## 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.

SIL has investments in three subsidiaries viz., Surana Power Limited, Surana Green Power Limited and Surana Mines and Minerals Limited.

### 6.1 SURANA POWER LIMITED (SPL):

Surana Power Limited a 100% subsidiary of Surana Industries Limited is in the process of setting up of 2 x 210 MW Thermal Power Plant at Raichur. The original project cost was estimated at Rs.2400

Crs in the year 2010. However, the project cost has been revised to Rs.3090 crores on account of increase in Interest during Construction (IDC). SPL has a 35 MW operational thermal power plant. After completing the 2 x 210 MW Thermal Power Plant, the generation capacity of Surana Power Limited will be increased to 455 MW.

Surana Power Limited deals with two power projects. One 35 MW Captive Power Plant, which was commissioned and currently is non operational due to various stress factors and the same has been repossessed by UCO Bank under SARFAESI Act. Another 2 x 210 MW Thermal Power Project is under implementation and is in stalled condition. The 2 x 210 MW power project has been repossessed by the consortium of lenders under SARFAESI Act on December 21, 2015.

As the 2 x 210 MW project is stalled and possession being taken over by the lenders, the related asset and the corresponding liabilities has moved out of companies' control. It is also expected that the lenders would utilize the realization on the sale of assets relating to the projects for settling their outstanding from the company in full and final manner. Consequent to this the company's ability to service the pared debt will improve substantially.

During the financial year 2016-17, the revenue from operation is stood at Nil as compared to Rs. 12.82 Crores for the previous financial year 2015-16. The Captive Power Plant was not in operation for the entire financial year due to labour unrest, financial constraint and other unviable market conditions.

During the financial year 2016-17, the Other Income stood at Rs. 0.69 Crores as compared to Rs. 5.89 Crores for the previous financial year 2015-16.

Finance cost stood at Rs. 45.20 Crores for the financial year 2016-17 as against Rs. 4.09 Crores for the financial year 2015-16.

Depreciation and amortization expenses stood at Rs. 7.09 Crores for the financial year 2016-17 as against Rs. 7.27 Crores for the financial year 2015-16.

Other expenses stood at Rs. 0.50 Crores for the financial year 2016-17 as against Rs. 0.39 Crores for the financial year 2015-16.

Loss before tax is Rs. 431.32 Crores for the financial year 2016-17 and Rs. 686.04 Crores for the financial year 2015-16. Loss after tax for the financial year 2016-17 stood at Rs. 431.32 Crores and Rs. 686.04 Crores for the financial year 2015-16.

## **6.2 SURANA GREEN POWER LIMITED (SGPL):**

SGPL, a 100% subsidiary of Surana Industries Limited, is in the business of Power Generation. SGPL has currently 7 windmills of 1.5MW capacity. SGPL has a step down subsidiary (wholly owned 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.

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. The said windmills of SGEL are financed by State Bank of India and IFCI Ventures. The combined outstanding of loans with these two institutions amounts to Rs.43.65 crores. The company had settled the outstanding dues to State Bank of India by selling the property to the prospective buyer. However, the loan relating to M/s. IFCI Ventures are still outstanding and the company is in advance

stage of negotiation with various parties for selling the windmill, which is under the loan component of M/s. IFCI Venture, to settle their dues. Accordingly, the said investments have been impaired during the year.

For the Financial Year 2016-17, the Company has not generated any units. During the year there was no turnover as compared to Rs. 0.31 Crs in the previous year ended March 31, 2016.

### **6.3 SURANA MINES & MINERALS LIMITED (SMML):**

Surana Mines and Minerals Ltd, SMML a 100% subsidiary of Surana Industries Limited, at Singapore 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\$ 32,020/- on a consolidated basis for the Financial Year 2016-17.

SIL is confident of recovering its complete investment in the company on restarting of mining operations. Accordingly, SIL considers this long term investment in SMML as realizable and consequently no impairment is anticipated.

A Statement Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 containing salient features of the financial statement of subsidiaries/associate companies/joint ventures in Form AOC-1 is annexed to this report as “Annexure A”.

### **UNLOCKING INVESTMENTS IN SUBSIDIARIES**

SIL has made total investments of Rs.569.24 Crores in its subsidiaries viz. SPL (Rs. 453.50 Crores), SGPL (Rs. 56.15 Crores) & SMML (Rs. 59.59 Crores). 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, inordinate delay in getting certain regulatory approvals and other macroeconomic issues. These have stressed the cash flows 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.

The Board of Directors and the Shareholders of SIL has approved the divestment of the three subsidiaries viz; M/s. Surana Power Limited, M/s. Surana Green Power Limited and M/s. Surana Mines & Minerals Limited.

In view of the above, SIL are in the process of exploring variable options in order to divest the respective stakes held in these subsidiaries as referred above and thus hope to increase the liquidity position of the company and to concentrate on its core business.

### **7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has a sound internal control system framed by the expert professional in consultation with the Audit Committee and Statutory Auditors of the Company. All transactions are subject to proper scrutiny. The Company also has Independent Internal Auditors who carry out the internal audit on a quarterly basis covering all areas during the financial year and submit their report on a quarterly basis to the Audit Committee. The Management takes immediate corrective action wherever it is being pointed out to help streamline the internal control process. The Audit Committee further

insisted that there should be stronger internal control systems to be in place. A policy on internal controls had already been devised and implemented for the company and the management shall ensure the effectiveness of the working of such policy.

## **8. CONSOLIDATED FINANCIAL STATEMENTS:**

In accordance with the Ind AS 110 - Consolidated Financial Statements read with Ind AS 28 - Investments in Associates and Joint Ventures, the audited consolidated financial statements is provided in the Annual Report.

## **9. 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, finance and accounts. The Management strives to retain and improve employee morale. The Company has total staff strength of about 150 employees. The Company is in the process of revamping the employer employee engagement program.

The labour unrest at the Raichur Integrated steel plant plagued the operations of the plant for the major part 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. The Company would like to bring to the notice of the share holders that the said strike / labour dispute have been amicably resolved and we expect no turbulence in the near future.

The Company has streamlined its manpower strength at the registered office of the company. As a result of manpower rationalization exercise, the monthly payroll has been optimized. The decision for rationalization of labour has enabled the company to curtail fixed manpower costs. However, the core technical expert team is retained to guide the Company to achieve higher and efficient level of production. Further to the above, during the financial year 2016-17, the company had fully resolved the labor unrest at Raichur.

## **10. 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 Guidelines on Corporate Governance. The Company is also aligning itself to implement global corporate governance practices. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholder's expectations. At Surana, it is imperative that the company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

A separate compliance certificate on compliance of conditions of Corporate Governance also forms part of the Annual Report. Requisite compliance certificate from the practicing company secretaries of your Company regarding compliance of the conditions of the corporate governance as stipulated under Regulation 34(3) of the SEBI (LODR) Regulation 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.

## **11. CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE**

The Board of Directors 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 Babu Srinivasan as the Chairman, Smt Agnes Roselind Joseph 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.

Since the company is making losses for the past three years, CSR spend does not apply to the company for the financial year 2016-17. Hence submission of a report on CSR activities does not apply.

## **12. RISK MANAGEMENT COMMITTEE AND POLICY:**

The Board of Directors has constituted a Risk Management Committee and framed a Risk Management Policy in compliance with the provisions under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. The committee comprises of Shri Dineshchand Surana as the Chairman, Shri. Babu Srinivasan and Shri. Agnes Roselind Joseph as its other members.

## **13. SEXUAL HARASSMENT POLICY:**

The Company had adopted the sexual harassment policy as recommended by the Audit Committee of the Board of Directors.

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

The Company has entered into a 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 Bombay and National 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 id's with the Company or our RTA M/s. Cameo Corporate Services Ltd.

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

Pursuant to the provisions of Companies Act, 2013 and rules framed thereunder, 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. The details of the same are covered under the Corporate Governance Report.

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 30th September, 2016 (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.

## **16. AUDITORS**

### **STATUTORY AUDITORS**

M/s. VDSR & Co, Chartered Accountants, Chennai having Firm Registration Number 001626S, Statutory Auditor of the Company has been appointed for a period of five years starting from the financial year 2015-16 to 2019- 20, subject to ratification of members in the each annual general meeting. Your Board of Directors recommends their appointment as Statutory Auditors to hold office from the conclusion of the 26<sup>th</sup> AGM till the conclusion of the 31<sup>st</sup> AGM of the Company.

### **17. AUDITORS REPORT AND MANAGEMENT'S RESPONSE TO AUDITORS OBSERVATIONS**

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

#### **Auditors Report – Qualifications & Management response thereof:**

##### **Standalone Financial Statement:**

##### **i. Auditor's Qualification:**

We refer to the Note No.7 relating to the investment in its subsidiaries Surana Power Limited (SPL). The carrying value of the investment in the SPL as at March 31, 2017 was Rs. 45,350 lakhs. In addition, the Company has also issued a financial guarantee of Rs. 10,000 lakhs to the lenders against the loan taken by the SPL. The net worth of this subsidiary has been fully eroded and its current liability exceeds its current assets. The independent auditor of the subsidiary had given the adverse opinion on its financial statements for the year ended March 31, 2017 stating that going concern assumption is not appropriate and the carrying value of the assets may also be impaired. No provision has been considered by the management for the diminution in the value of the investment in this subsidiary in the likelihood of devolvement of the guarantee on the Company.

##### **Management Response:**

Based on the preliminary negotiations with prospective buyers, the company currently is of the opinion that actual realizable value of the current assets of the subsidiary company will be sufficient to discharge its current liabilities. The company is also in discussions with some Financial Institutions who have evinced interest in restarting the project by pumping in additional equity and debt required for completing the project. These discussions are being held at tripartite level between the prospective Financial Institution, Leader of the Consortium and the Company. Consequently, the company does not envisage any prospective devolvement of liability on account of revocation of guarantee. And also, the company has appointed an advisory to revive the operation of the company and to bring the current debts to sustainable levels by negotiating with the consortium of lenders. Accordingly, the company has not made any provision in this regard.

The Audit Report for the year ended March 31, 2016 was also modified in respect of the above matter under the previous GAAP (in accordance with the Accounting Standards specified in the Annexure to the Companies (Accounting Standards) Rules, 2006).

##### **ii. Auditor's Qualification:**

Attention is invited to Note No. 7 regarding investments in Subsidiaries Surana Mines & Minerals Limited (having a carrying value aggregating to Rs. 5,848.26 lakhs) that were approved for divestment due to continuing adverse market scenario which was impacting the survival of the parent Company. This investment is carried at cost and has not been assessed for any impairment to the carrying values.

**Management Response:**

In view of the ongoing negotiations with the prospective buyers and the lenders and also considering the expected realizable value of the assets the Company will be able to realize the carrying value of the said investments in SMML.

The Audit Report for the year ended March 31, 2016 was also modified in respect of the above matter under the previous GAAP (in accordance with the Accounting Standards specified in the Annexure to the Companies (Accounting Standards) Rules, 2006).

**iii. Auditor's Qualification:**

Inventory as at March 31, 2017 aggregated to Rs.14,878/- lakhs, for which the quantity, quality and realizable value were not assessed and determined by the management. In the absence of evidence for physical existence of inventory as at March 31, 2017 and net realizable value of inventory, we are unable to comment on the adjustment that may be required to the carrying value of the inventory.

**Management Response:**

During the year the stocks have been provided to the extent of Rs. 6176.37 lakhs arising on account of deterioration, obsolescence and quality issues identified on a scientific and technical basis. The management is of the opinion post the said provisioning the stocks reflects the realizable value.

The Audit report for the year ended March 31, 2016 was also modified in respect of the above matter under the previous GAAP (in accordance with the Accounting Standards specified in the Annexure to the Companies (Accounting Standards) Rules, 2006).

**iv. Auditor's Qualification:**

The financial results for the quarter ended March 31, 2017 have been prepared on a going concern basis in spite of negative net worth after considering the impact of the modifications mentioned in paragraph ( a ) and ( b ) above. The ability of the Company to continue as a going concern is significantly dependent on the successful outcome of the ongoing negotiations with the lenders and therefore, we are unable to comment if the going concern assumption is appropriate and any effect it may have on the financial results for the quarter ended March 2017.

**Management Response:**

The company was not in a position to restart its operations in Raichur in time due to non release of sufficient working capital funding by the lenders. The negotiations with the concerned parties, including the consortium of lenders, are on for restarting the operations of the Raichur Plant. Meanwhile, the company has appointed an advisory to revive the operation of the company and to bring the current debts to sustainable levels by negotiating with the consortium of lenders. Accordingly, the company is of the opinion that the assumption of going concern is appropriate.

**v. Auditor's Qualification:**

The carrying values of the financial assets as at March 31, 2017 are not measured in accordance with the Ind-AS 39 and we are unable to comment on the adjustments that may be required to the carrying values of the financial assets.

**Management Response:**

The Company has implemented Ind As 39 and as all the necessary provisions on the financial assets and financial liabilities have been recognized, the company is of the view that the financial assets

and financial liabilities of the company are represented at fair market value. Financial assets includes long term receivables which are covered under the MOU consisting of definitive repayment schedule wherein the recoveries either in cash or in kind from the said parties is happening as per the schedule and accordingly since these receivables are of nature of financial assets having definitive maturity the statement of the figures is in compliance with Ind AS 39.

**vi. Auditor's Qualification:**

The Company has considered trade receivables outstanding for more than 1 year of Rs. 11,597.36 Lakhs and capital advances of Rs. 6,170.88, as good and recoverable. However, we were unable to confirm or verify, by alternative means, balances of such trade receivables and we are unable to comment on the adjustments that may be required as at March 31, 2017.

**Management Response:**

The company has treated the capital advances of Rs.6,170.88 lakhs as good and recoverable due to the fact that the said receivables are covered under the MOU consisting of definitive repayment schedule. As far as the trade receivables of Rs. 11,597.36 lakhs is concern it is adequately provided and the same is considered good and fully recoverable.

**vii. Auditor's Qualification:**

Had the provision been made for the financial liability arising out of the guarantee as referred to in paragraph (a) above, had the provision been made for trade receivables and capital advances as referred to in paragraph (b), the loss would have been increased by Rs. 27,768.24 Lakhs and consequently net worth would have been reduced by Rs. 27,768.24 Lakhs respectively.

**Management Response:**

Covered by responses to the individual items mentioned in (i) and (vi) above

**Consolidated Financial Statement:**

**i. Auditor's Qualification:**

Attention is invited to Note No 9 relating to 35MW coal fired power plant at Raichur, having a carrying value of Rs. 21,830.49 lakhs as at March 31, 2017 has not been operational since July 2013. Further UCO Bank has issued a notice on August 19, 2015 under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), for discharge of the entire liabilities relating to the said plant. The Group has not determined the recoverable amount of these assets on March 31, 2016 as required under Ind AS 36 Impairment of Assets. Accordingly, we are unable to comment on the impairment losses, if any, that may arise in respect of the said assets.

**Management Response:**

In view of the ongoing negotiations with the prospective buyers and the lenders and also considering the expected realizable value of the assets the Company will be able to realize the carrying value of the said investment.

**ii. Auditor's Qualification:**

In respect of the 2X210 MW power project at Raichur, Long term loans and advances include dues from subcontractors aggregating to Rs. 4,089.65 Lakhs representing the amounts taken over



from the EPC Contractors in an earlier year which are considered good and recoverable by the management. In the absence of any confirmation from / agreement with these parties, we are unable to comment on the adjustments, including provision, if any, that may be required with respect to these advances.

**Management Response:**

It is submitted that the dues are collectable/adjustable on resumption of project work and no provision is considered necessary.

**iii. Auditor's Qualification:**

Inventory as at March 31, 2017 aggregated to Rs.14,878/- lakhs, for which the quantity, quality and realizable value were not assessed and determined by the management. In the absence of evidence for physical existence of inventory as at March 31, 2017 and net realizable value of inventory, we are unable to comment on the adjustment that may be required to the carrying value of the inventory.

**Management Response:**

During the year the stocks have been provided to the extent of Rs. 6176.37 lakhs arising on account of deterioration, obsolescence and quality issues identified on a scientific and technical basis. The management is of the opinion post the said provisioning the stocks reflects the realizable value.

**iv. Auditor's Qualification:**

The carrying values of the financial assets as at March 31, 2017 are not measured in accordance with the Ind-AS 39 and we are unable to comment on the adjustments that may be required to the carrying values of the financial assets.

**Management Response:**

The Company has implemented Ind AS 39 and as all the necessary provisions on the financial assets and financial liabilities have been recognized, the company is of the view that the financial assets and financial liabilities of the company are represented at fair market value. Financial assets includes long term receivables which are covered under the MOU consisting of definitive repayment schedule wherein the recoveries either in cash or in kind from the said parties is happening as per the schedule and accordingly since these receivables are of nature of financial assets having definitive maturity the statement of the figures is in compliance with Ind AS 39.

**v. Auditor's Qualification:**

The Holding Company has considered trade receivables outstanding for more than 1 year of Rs. 11,597.36 Lakhs and capital advances of Rs. 6,170.88, as good and recoverable. However, we were unable to confirm or verify, by alternative means, balances of such trade receivables and we are unable to comment on the adjustments that may be required as at March 31, 2017.

**Management Response:**

The company has treated the capital advances of Rs.6,170.88 lakhs as good and recoverable due to the fact that the said receivables are covered under the MOU consisting of definitive repayment schedule. As far as the trade receivables of Rs. 11,597.36 lakhs is concern it is adequately provided and the same is considered good and fully recoverable.

**vi. Auditor's Qualification:**

A subsidiary, Surana Power Limited, has not provided for interest and penal interest on certain borrowings for the year ended March 31, 2017 which is estimated at Rs. 5,248.70 Lakhs.

**Management Response:**

With the takeover of the assets of the project by the lenders the company has not provided for Interest during the current financial year.

**vii. Auditor's Qualification:**

The Consolidated Financial Statements regarding preparation of the financial statements on a going concern basis, notwithstanding the fact that consolidated net worth has fully eroded as on the Balance Sheet date and the current liabilities as per the consolidated financial statements exceed the current assets as on that date.

**1. Further, with respect to a component, Surana Power Limited :**

- a. IDBI Bank (the lead bank with respect to the facilities availed by Surana Power Limited) has taken possession of the project assets relating to the 2 X 210 MW power project, having a carrying value of Rs. 1,25,766.86 lakhs as March 31, 2017 under SARFAESI on December 21, 2015. These project assets are disclosed under the heading 'Assets Repossessed by Lenders'. Consequent to the possession of these assets being taken over by the lead bank, the component ceases to have control over such assets and accordingly no longer qualify as asset. Pending disposal of the project assets by the lead bank for discharge of loan liabilities, we are unable to determine whether there would be any further financial obligation towards settlement of loan liabilities by the component and the component's ability to fulfil such obligation, if any.
- b. As stated in paragraph (b) above, the 35MW coal fired power plant having a carrying value of Rs. 21,830.49 lakhs as at March 31, 2017, which is a subject matter under the SARFAESI Act, has not been operational since July, 2013. Pending any further action by UCO Bank in this regard, we are unable to determine whether the component would be able to recommence its commercial operations in the foreseeable future.
- c. The independent auditor of the component has given an adverse audit opinion on its financial statements for the year ended March 31, 2017 stating that the going concern assumption is not appropriate and the carrying value of the assets of the subsidiary may also be impaired.
2. The Holding Company has not considered any impairment for the carrying value of the investments in the said component and has also not considered any provision for the likelihood of the devolvement of the financial guarantee of Rs. 10,000/- lakhs provided by it to the lenders of the component. However, in the circumstance mentioned above, in our opinion, the Holding Company should have provided for the obligations relating to the financial guarantee provided by them.
3. The ability of the Holding Company to continue as a going concern is significantly dependent on the successful outcome of the ongoing negotiations with the lenders and therefore, we are unable to comment if the going concern assumption is appropriate and any effect of the measurement and classification of assets and liabilities in the Balance Sheet.
4. The above events indicate that there are multiple material uncertainties for the Group to be able to continue as a going concern and accordingly, in our opinion, the use of going concern assumption is not appropriate.
5. Had the provision been made for the financial liability arising out of the guarantee as referred to in paragraph (ii) above, had the provision been made for trade receivables and capital advances as referred to in paragraph (e) and had the provision been made for interest and penal interest

as referred to in paragraph (f) , the consolidated loss would have been increased by Rs. 33,016.94 Lakhs and consequently consolidated networth would have been reduced by Rs. 33,016.94 Lakhs respectively.

**Management Response:**

**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

- (i) Based on the preliminary negotiations with prospective buyers, the company currently is of the opinion that actual realizable value of the current assets of the subsidiary company will be sufficient to discharge its current liabilities. Consequently, the company does not envisage any prospective devolvement of liability on account of revocation of guarantee. Accordingly, the company has not made any provision in this regard.
- (ii) Company could not comply with debt repayment schedule as embedded in the CDR package for want of non release of sufficient working capital funding by the lenders as per the package. Consequently, the company was not in a position to restart its operations in raichur in time and could not adhere to the debt repayment schedule.
- (iii)As mentioned in response to observation 10(iv) above, there is no non compliance of debt covenants as per the CDR package, since the company has disclosed the said amounts of recompense under contingent liabilities.

The negotiations with concerned parties are on for restarting the operations of Raichur Plant and further, the Operational capabilities of the Gummidipoondi Plant have been improving over the past years. Accordingly, the company is of the opinion that the assumption of going concern is fully appropriate.

**INTERNAL AUDITOR**

The Board has appointed M/s. K. Balaji & Co, Chartered Accountants, Chennai as the Internal Auditors of the Company pursuant to Section 138 of The Companies Act, 2013 and Rule No. 13 of The Companies (Accounts of Companies) Rules, 2014 for the financial year 2017-18.

The Internal Auditors of the Company has a qualified team of Internal Audit professionals, who shall be reporting directly to the Audit Committee of the Company. The Internal Audit would ensure that strong internal control mechanism is put in place in the Company as per the recommendations and guidance of Audit Committee.

**COST AUDITOR**

The Board of Directors had appointed M/s. JV Associates, Cost & Management Accountants, Chennai (M.No. 6128) as the Cost Auditor of the Company to audit the cost accounting records of the Company for the financial year 2016-17.

**SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Lakshmmi Subramanian & Associates, Practising Company Secretaries, Chennai to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit Report is annexed herewith as “**Annexure B**”

## MANAGEMENT'S RESPONSE TO SECRETARIAL AUDITOR'S OBSERVATION

1. The Company through its Allotment Committee of Board of Directors had allotted 63,91,582 equity shares of Rs 10 each to Shri. Dineshchand Surana, as per the terms and conditions of Corporate Debt Restructuring (CDR) Scheme, however, the company has not listed the shares on the Stock Exchange as it could not be issued in Demat form due to Legal/Technical issue faced with the banker's and the depository participants.

As per the Corporate Debt Restructuring (CDR) Scheme empowered by the CDR Empowered Group (CDR EG), the Allotment Committee of Board of Directors had allotted 63,91,582 equity shares of Rs.10 each @ 72.82 (including a premium of Rs.62.82) to Shri Dineshchand Surana. However, the post issue process of listing of shares are pending with Stock Exchange due to legal/ technical issue pending for approval from consortium bankers.

2. The company has not adopted or filed the Financial Results for the quarter ended 30<sup>th</sup> September 2016 on or before 14 December 2016 as mandated by the Securities and Exchange Board of India vide circular CIR/CFD/FAC/62/2016 dated 05 July 2016.

Since the company had adopted the Ind-AS for the first time, the company had the time till December 14, 2016 for approving the Financial Results for the quarter ended September 30, 2016 in line with the circular no. CIR/CFD/FAC/62/2016 dated 05 July 2016 issued by Securities Exchange Board of India. However, the company could not approve the Financial Results for the Quarter ended September 30, 2016 on or before December 14, 2016 due to casual vacancy in the office of the statutory auditors and the same was intimated to the Stock Exchanges accordingly.

3. The Company has not held the meeting of the audit committee and Board meeting during the third quarter for the financial year 2016-17 due to absence of quorum, on account of the cyclone in Chennai, Tamil Nadu.

The company had held the audit committee and board meeting for the third quarter on December 14, 2016, however the same was adjourned on account of the cyclone in Chennai, Tamilnadu and the same was intimated to the Stock Exchange accordingly.

4. The Company is yet to strictly comply with all applicable provisions of the Secretarial Standards that are in force.

The Company is already in the process of fully complying with the provisions of Secretarial Standards 1 and Secretarial Standards 2.

5. The Company has not filled in the vacancy in the post of Company Secretary and Chief Financial Officer as specified under section 203 of the Companies Act, 2013 and as mandated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The company has appointed the whole time company secretary during the current financial year and Group –CAO of the company is considered to be the Chief Financial Officer of the company as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Company is taking all necessary steps to comply with the provisions of Section 203 of Companies Act, 2013.

6. The Company is not regular in filing forms with the Registrar of Companies.

The company is already into the system of filing forms with Registrar of Companies on regular basis.

**18. DIRECTORS:**

The following changes have occurred in the Board of Directors during the financial year 2016-2017:

**18.1 INDUCTION AND RESIGNATIONS**

During the Financial Year 2016-17, on recommendations of the nomination and remuneration committee, the Board appointed Smt. Agnes Roselind Joseph as an Additional Director in the category of Independent Director of the Company with effect from June 01, 2016. In continuation to the appointment of Smt. Agnes Roselind Joseph as Additional Director, she was regularized as an Independent Director of the Company at the 25<sup>th</sup> Annual General Meeting held on September 30, 2016 to hold office for tenure of Five (5) years.

Further, during the Financial Year 2016-17, Shri. Krishna Udupa has resigned as a Non-Executive Director of the Company with effect from September 30, 2016. In addition to this, IDBI Limited had withdrawn his nominee director Shri. Biju George Kozhipattu from the Board of the company with effect from October 21, 2016. The Board appreciates and thanks them for their efforts in driving delivery and quality excellence for the Company. The Board also places on record its gratitude for the services rendered by Shri. Krishna Udupa and Shri. Biju George Kozhipattu during their long association with the Company.

**18.2 RE-APPOINTMENTS**

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum & Articles of Association of the Company, At the ensuing 26<sup>th</sup> Annual General Meeting, Shri. Dineshchand Surana, Director of the Company is liable to retire by rotation and being eligible offer him selves for re-appointment. The Board recommends his re-appointment.

The Companies Act, 2013, provides for the appointment of independent directors. Sub section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. Accordingly all independent directors were appointed by the shareholders at the General Meeting as required under Section 149(10). Further, according to sub section (11) of Section 149, no independent director shall be eligible for appointment for more than two consecutive terms of five years. Sub section (13) states that the provisions of retirement by rotation as defined in Sub section (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

None of the independent directors will retire at the ensuing Annual General Meeting.

**18.3 DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**18.4 BOARD EVALUATION AND PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS**

Pursuant to the provisions of Regulation 19(10) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 also states that a formal annual evaluation needs to be made

by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **18.5 TRAINING OF INDEPENDENT DIRECTORS**

Every new independent director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of our Company, the executive directors/ senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management.

### **18.6 REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report. All remuneration paid to the Directors, Key Managerial Personnel and senior management personnel are as per the remuneration policy of the Company.

### **19. DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors, make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **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 134 (3) (m) of the Companies Act, 2013 and

Rule 8 (3) (A), (3) (B) and 3 (A) (C) of The Companies (Accounts) Rules, 2014 is annexed to this report as “**Annexure C**”

## **21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013**

Details of Loan, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to financial statements.

## **22. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 of the Companies Act 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 in respect of the employees of the company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## **23. DEPOSITS**

Your Company has not accepted any deposits from the public during the year under review.

## **24. MEETINGS**

During the year Eight Board Meetings and Seven Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## **25. COMMITTEES**

Currently, the Board of Directors of the Company pursuant to the mandatory provisions of Companies Act, 2013 has the following committees namely:

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Stakeholders Relationship Committee
- d) Corporate Social Responsibility & Governance Committee
- e) Risk Management Committee

A detailed note on the Board and its committees along with the composition of the committees and compliances is provided under the Corporate Governance Report section in this Annual Report.

## **26. AUDIT COMMITTEE**

Currently, the Company has an independent and qualified Audit Committee as per the provisions of Section 177 (8) of the Companies Act, 2013 and Rule 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following is the current composition of Audit Committee:

| Name of the Director     | Category                           | Status   |
|--------------------------|------------------------------------|----------|
| Shri. Babu Srinivasan    | Non-Executive Independent Director | Chairman |
| Smt. Agnes Roselind      | Non-Executive Independent Director | Member   |
| Shri. Dineshchand Surana | Managing Director                  | Member   |

The Board has accepted all the recommendations provided by the Audit Committee.

## **27. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has a vigil mechanism/whistle blower Policy to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

## **28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The Company is in the process of developing a Related Party Transactions Manual, Standard Operating Procedures for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the Weblink: <http://www.suranaind.com/related-party-transaction-policy>. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. Particulars of Contracts or arrangement with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as “**Annexure D**” to the Board's Report.

## **29. ENHANCING SHAREHOLDER VALUE:**

Your Company believes that its Members are among its most important stakeholders. Accordingly your company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your company is also committed to creating value for its other stakeholders by ensuring its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

## **30. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “**Annexure E**”.

## **31. GREEN INITIATIVES**

During fiscal 2016-17, we started a sustainability initiative with the aim of going green and minimizing our impact on the environment. This year, we are publishing only the statutory disclosures in the print



version of the Annual Report. Additional information is available on our website, [www.suranaind.com](http://www.suranaind.com).

Electronic copies of the Annual Report 2016-17 and Notice of the 26<sup>th</sup> Annual General Meeting are sent to all the members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2017 and the Notice of 26<sup>th</sup> Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

### **32. ACKNOWLEDGEMENT**

The Board of Directors of the Company wishes 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 various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them.

The Directors also gratefully acknowledge and thank all 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**

Place: Gummudipoondi  
Date: August 12, 2017

**Babu Srinivasan**  
**Chairman**  
**(DIN: 06608264)**

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

“This space is intentionally left blank”

**ANNEXURE “A” TO DIRECTORS REPORT****Form AOC-1 - Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

(Pursuant to to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Part “A”: Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| S. No. | Particulars   | Name of the Subsidiaries    |                                       |  |
|--------|---|-----------------------------|---------------------------------------|--|
|        |   | Surana Power Ltd            | Surana Green Power Ltd (Consolidated) | Surana Mines & Minerals Limited (Consolidated) |
| 1      | Reporting period for the subsidiary concerned, if different from the holding company’s reporting period                     | 31 <sup>st</sup> March 2017 | 31 <sup>st</sup> March 2017           | 31 <sup>st</sup> March 2017                    |
| 2      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR                         | INR                                   | USD  |
| 3      | Share capital   | 345,14,92,000               | 561,536,000                           | 13,207,900                                     |
| 4      | Reserves & surplus  | (1,187,22,24,229)           | (6,192,20,489)                        | (2148228)                                      |
| 5      | Total assets  | 1,520,64,93,058             | 4,987,64,554                          | 65667186                                       |
| 6      | Total Liabilities   | 1,520,64,93,058             | 4,987,64,554                          | 65667186                                       |
| 7      | Investments   | -                           | -                                     | -  |
| 8      | Turnover  | -                           | -                                     | -  |
| 9      | Profit (Loss) before taxation   | (431,31,83,318)             | (5,314,69,702)                        | (2148228)                                      |
| 10     | Provision for taxation/Tax Expense  | -                           | -                                     | -  |
| 11     | Profit (Loss) after taxation  | (431,31,83,318)             | (5,314,69,702)                        | (2148228)                                      |
| 12     | Proposed Dividend   | Nil                         | Nil                                   | Nil  |
| 13     | % of shareholding   | 100                         | 100                                   | 100  |

**Notes:**

The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Nil

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

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

Place: Gummudipoondi

Date: August 12, 2017

**Babu Srinivasan**  
Chairman  
(DIN: 06608264)

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

## ANNEXURE “B”

### SECRETARIAL AUDIT REPORT

**For The Financial Year Ended On 31st March, 2017**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members,

**SURANA INDUSTRIES LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Surana Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Overseas Direct Investment,
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits), 2014 (Not applicable for the Audit Period);
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client to the extent of securities issued;

- (f) The Securities Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 (Not applicable for the Audit Period);
  - (g) The Securities Exchange Board of India (Delisting of Equity Shares) Regulation, 2009 (Not applicable for the Audit Period);
  - (h) The Securities Exchange Board of India (Buyback of Securities) Regulation, 1998 (Not applicable for the Audit Period); and
  - (i) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.
- (vi) Other laws applicable specifically to the company being a manufacturer of steel structurals:
- (i) Factories Act, 1948
  - (ii) Legal Metrology Act, 2009
  - (iii) Negotiable Instruments Act, 1881
  - (iv) Environment (Protection) Act, 1986
  - (v) Water (Prevention and Control of Pollution) Act, 1981
  - (vi) Air (Prevention and Control of Pollution) Act, 1974
  - (vii) Hazardous Waste (Management and handling) Rules, 1989
  - (viii) State Fire Safety Act
  - (ix) Electricity Act, 2003
  - (x) Trademarks Act, 1999

We have also examined compliance with the applicable clauses of Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The Company through its Allotment Committee of Board of Directors had allotted 63,91,582 equity shares of Rs 10 each to Shri. Dineshchand Surana, as per the terms and conditions of Corporate Debt Restructuring (CDR) Scheme, however, the company has not listed the shares on the Stock Exchange as it could not be issued in Demat form due to Legal/Technical issue faced with the banker's and the depository participants.
2. The company has not adopted or filed the Financial Results for the quarter ended 30<sup>th</sup> September 2016 on or before 14 December 2016 as mandated by the Securities and Exchange Board of India vide circular CIR/CFD/FAC/62/2016 dated 05 July 2016.
3. The Company has not held the meeting of the audit committee and Board meeting during the third quarter for the financial year 2016-17 due to absence of quorum, on account of the cyclone in Chennai, Tamil Nadu.
4. The Company is yet to strictly comply with all applicable provisions of the Secretarial Standards that are in force.
5. The Company has not filled in the vacancy in the post of Company Secretary and Chief Financial Officer as specified under section 203 of the Companies Act, 2013 and as mandated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

6. The Company is not regular in filing forms with the Registrar of Companies.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, Rules, Regulations and Guidelines, which is monitored by the internal auditor appointed by the Company, and periodical improvements to the system is suggested by the auditor.

We further report that, the compliance by the Company of applicable finance laws like Direct and Indirect tax laws has not been reviewed in this audit since the same have been subject to review by Statutory Financial Audit and other designated professionals.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, except filing of forms with the Registrar of Companies.

Adequate notice is given to all directors to schedule the Board Meetings, Committee Meetings, agenda and detailed notes on agenda were delivered and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As recorded in the minutes of the meeting and signed by the Chairman, the decisions of the Board of Directors or committee of the Board, as the case may be were unanimous and no dissenting views have been recorded.

We further report that during the audit period, no events, other than the following, have occurred during the year, which have a major bearing on the Company's affairs:

- i. The consortium of lenders in its Joint Lenders Meeting dated 27 September 2016 decided to exit the Corporate Debt Restructuring ('CDR') Scheme sanctioned to the Company and accordingly the consortium has initiated action against the Company under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 on 25 January 2017.
- ii. All the consortium banks had classified the account of the Company as a Non Performing Asset (NPA) during the Financial Year 2016-17.
- iii. The company has entered into a MoU with one of its EPC Contractors for recovering the advances. Based on the MoU, the company has collateralized the said dues by shares of the company held by them as investment, land banks and factory buildings as a security for repayment. The company during the year has partly recovered the dues by acquiring 8,500,000 shares of Surana Power Limited that was held as collateral under the MOU.

Place: Chennai

Date : August 12, 2017

**For Lakshmmi Subramanian & Associates**

**P S SRINIVASAN**

**ACS NO: 1090**

**CP NO: 3122**

**Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.**

**“Annexure A”**

**(To the Secretarial Audit Report of M/s. SURANA INDUSTRIES LIMITED  
for the financial year ended 31.03.2017)**

To

The Members  
SURANA INDUSTRIES LIMITED

Our Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2017 is to be read along with this Annexure A.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance and law, rules and regulation and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the effectiveness with which the management has conducted the affairs of the Company.

Place: Gummidipoondi  
Date : August 12, 2017

**For Lakshmmi Subramanian & Associates**

**P S SRINIVASAN**  
**ACS NO: 1090**  
**CP NO: 3122**

**ANNEXURE “C” TO DIRECTORS REPORT**

Information pursuant to Section 134 (3) (m) of the Companies Act, 2013 and Rule 8 (3) (A), (3) (B) and 3 (A) (C) of The Companies (Accounts) Rules, 2014 for the year ended at 31<sup>st</sup> March 2017.

**A. CONSERVATION OF ENERGY:**

| <b>1. ELECTRICITY</b>         | <b>2016-17</b>  | <b>2015-16</b> |
|-------------------------------|-----------------|----------------|
| Purchased                     | (Amount in Rs.) |                |
| a) Total Units Consumed       | 15,32,391       | 67,29,690      |
| b) Total Amount (Rs)          | 131,09,792      | 578,82,248     |
| c) Rate Per Unit (Rs)         | 8.56            | 8.60           |
| Own Generation (Units)        | -               | -              |
|                               |                 |                |
| <b>2. FURNACE OIL</b>         |                 |                |
| a) Total Consumption (lts)    | 9,45,520        | 20,56,848      |
| b) Total Amount (Rs)          | 181,48,550      | 4,41,62,958    |
| c) Rate Per Litre (Rs)        | 19.19           | 21.47          |
|                               |                 |                |
| <b>3. COAL</b>                |                 |                |
| a) Total Consumption (Tonnes) | 234             | 3341.38        |
| b) Total Amount (Rs)          | 12,26,606       | 2,55,97,001    |
| c) Rate per Tonne (Rs)        | 5238            | 7,661          |

**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**

| <b>PARTICULARS</b> | <b>2016-17</b>  | <b>2015-16</b> |
|--------------------|-----------------|----------------|
|                    | (Amount in Rs.) |                |
| <b>Earnings</b>    |                 |                |
| Export of Goods    | NIL             | NIL            |
| <b>Expenditure</b> |                 |                |
| Travel Expenditure | NIL             | NIL            |

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

Place: Gummudipoondi  
Date: August 12, 2017

**Babu Srinivasan**  
**Chairman**  
**(DIN: 06608264)**

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

**ANNEXURE “D” TO DIRECTORS REPORT****Particulars of Contracts/arrangements made with related parties**

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub –section (1) of Section 188 of the Companies Act, 2013 including certain arm’s length transactions under third proviso thereto.

Details of contracts or arrangement or transactions not at arm’s length basis.

There were no contracts or arrangement or transactions entered into during the year ended March 31, 2017, which were not at arm’s length basis.

Details of material contracts or arrangement or transactions at arm’s length basis

The details of material contracts or arrangement or transactions at arm’s length basis for the year ended March 31, 2017 are as follows:

| <b>Name of the Related Party</b>                          | <b>Nature of Relationship</b>        | <b>Duration of the Contract</b> | <b>Salient terms</b> | <b>Amount (Rs in Crore)</b> |
|---|--------------------------------------|---------------------------------|----------------------|-----------------------------|
| <b>Nature of Contract Investment in equity instrument</b> |                                      |                                 |                      |                             |
| Surana Power Limited                                      | Subsidiary                           | Not Applicable                  | Not Applicable       | 453.50                      |
| Surana Green Power Limited                                | Subsidiary                           | Not Applicable                  | Not Applicable       | 56.15                       |
| Surana Mines & Minerals Limited                           | Subsidiary                           | Not Applicable                  | Not Applicable       | 59.59                       |
| <b>Total</b>  |                                      |                                 |                      | <b>569.27</b>               |
| <b>Nature of Contract Investment in equity instrument</b> |                                      |                                 |                      |                             |
| Surana Mines & Minerals Limited                           | Subsidiary                           | Not Applicable                  | Not Applicable       | 0.10                        |
| Surana Power Limited                                      | Subsidiary                           | Not Applicable                  | Not Applicable       | 0.87                        |
| <b>Remuneration to Relative of KMP</b>                    |                                      |                                 |                      |                             |
| Shri. Rahul Dinesh Surana                                 | Relative of Shri. Dineshchand Surana | Not Applicable                  | Not Applicable       | 0.30                        |

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

Place: Gummudipoondi  
Date: August 12, 2017

**Babu Srinivasan**  
**Chairman**  
**(DIN: 06608264)**

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



## ANNEXURE – “E” TO DIRECTORS REPORT EXTRACT OF ANNUAL RETURN

**as on the financial year ended on 31<sup>st</sup> March, 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies Management and Administration) Rules, 2014]

| <b>I. REGISTRATION DETAILS</b>  |  |
|---|--|
| CIN   | L27104TN1991PLC020533  |
| Registration Date   | 25 <sup>th</sup> March 1991  |
| Name of the Company   | Surana Industries Limited  |
| Category/Sub Category of the Company                                      | Company having Share Capital   |
| Address of the Registered Office and Contact Details                      | F67, 68 & 69, SIPCOT Industrial Complex,<br>Gummudipoondi, Thiruvallur,<br>Tamilnadu - 601201 IN<br>Email: secretarial@suranaind.com<br>Phone: 044-28526336  |
| Whether Listed Company  | Yes  |
| Name, address and contact details of Registrar And Transfer Agent, if any | Cameo Corporate Services Limited,<br>No.1, Club House Road, 5th Floor,<br>“Subramanian Building”, Mount Road,<br>Chennai - 60002<br>Tel No: 044-28460390/395 |

| <b>II. PRINCIPAL BUSINESS ACTIVITIES</b>   |                                 |                     |
|--|---------------------------------|---------------------|
| All the business Activities contributing 10% or more of the total turnover of the Company shall be stated: |                                 |                     |
| Name and Description of main Products / Services   | NIC Code of the Product/Service | % to Total Turnover |
| Iron & Steel   | 27190                           | 100                 |

| <b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b> |   |                       |                                |                 |                    |
|--|---|-----------------------|--------------------------------|-----------------|--------------------|
| S.No   | Name and Address of the Company   | CIN/GLN               | Holding/ Subsidiary/ Associate | % of Share held | Applicable Section |
| 1  | Surana Power Limited<br>No: 29, Whites Road,<br>Royapettah, Chennai -<br>600014 | U74999TN2008PLC066902 | Subsidiary                     | 97.54           | 2(87)(a)           |

| S.No | Name and Address of the Company  | CIN/GLN               | Holding/ Subsidiary/ Associate | % of Share held | Applicable Section |
|------|--|-----------------------|--------------------------------|-----------------|--------------------|
| 2    | Surana Green Power Limited<br>No: 29, Whites Road,<br>Royapettah, Chennai - 600014                                 | U40109TN2010PLC074770 | Subsidiary                     | 100.00          | 2(87)(a)           |
| 3    | Surana Mines & Minerals Limited<br>20, Maxwell Road,<br>#08-01,<br>N Maxwell House,<br>Singapore – 069113.         | 200818654G            | Subsidiary                     | 100.00          | 2(87)(a)           |
| 4    | Surana Holdings Pte Limited<br>315, Outram Road,<br>#10-02, Tan Boon Liat Building,<br>Singapore – 169074.         | 201206127E            | Subsidiary                     | 51.00           | 2(87)(a)           |
| 5    | Surana Green Energy Limited<br>No: 29, Whites Road,<br>Royapettah,<br>Chennai - 600014                             | U40300TN2012PLC085008 | Step down Subsidiary           | 74.00           | 2(87)(a)           |
| 6    | PT Borneo Mines & Minerals Limited<br>DI Jakarta   | -                     | Step down Subsidiary           | 51.00           | 2(87)(a)           |
| 7    | Power India (Singapore) Pte Limited<br>1, North Bridge Road,<br>#13-03, High Street Centre,<br>Singapore – 179094. | -                     | Step down Subsidiary           | 80.00           | 2(87)(a)           |

**I. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding:**

| Category of Shareholders                               | No. of Shares held at the beginning of the year |          |          | No. of Shares held at the end of the year |          |          | % of Change during the Year |       |                   |
|--|---|----------|----------|---|----------|----------|-----------------------------|-------|-------------------|
|  | Demat   | Physical | Total    | % of Total Shares                         | Demat    | Physical |                             | Total | % of Total Shares |
| (A) Promoters  |   |          |          |   |          |          |                             |       |                   |
| (1) Indian   |   |          |          |   |          |          |                             |       |                   |
| (a) Individual/HUF                                     | 26699084  | Nil      | 26699084 | 52.44                                     | 26699084 | Nil      | 26699084                    | 52.44 | Nil               |
| (b) Central Govt                                       | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (c) State Govt (s)                                     | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (d) Bodies Corp.                                       | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (e) Banks / FI   | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (f) Any Other  | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| Sub-Total (A) (1)                                      | 26699084  | Nil      | 26699084 | 52.44                                     | 26699084 | Nil      | 26699084                    | 52.44 | Nil               |
| (2) Foreign  |   |          |          |   |          |          |                             |       |                   |
| (a) NRIs – Individuals                                 | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (b) Other – Individuals                                | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (c) Bodies Corp.                                       | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (d) Banks / FI   | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| (e) Any Other....                                      | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| Sub-Total (A) (2)                                      | Nil   | Nil      | Nil      | Nil                                       | Nil      | Nil      | Nil                         | Nil   | Nil               |
| Total Shareholding of Promoter (A) = (A) (1) + (A) (2) | 26699084  | Nil      | 26699084 | 52.44                                     | 26699084 | Nil      | 26699084                    | 52.44 | Nil               |

| Category of Shareholders   | No. of Shares held at the end of the year |          |         |                   | No. of Shares held at the end of the year |          |         |                   | % of Change during the Year |
|--|---|----------|---------|-------------------|---|----------|---------|-------------------|-----------------------------|
|  | Demat                                     | Physical | Total   | % of Total Shares | Demat                                     | Physical | Total   | % of Total Shares |                             |
| (A) Public Shareholding  |   |          |         |                   |   |          |         |                   |                             |
| (1) Institutions   |   |          |         |                   |   |          |         |                   |                             |
| (a) Mutual Funds   | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (b) Banks/FI   | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (c) Central Govt   | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (d) State Govt (s)   | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (e) Venture Capital funds  | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (f) Insurance Companies  | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (g) FIIs   | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (h) Foreign Venture Capital Funds  | Nil                                       | Nil      | Nil     | Nil               | Nil                                       | Nil      | Nil     | Nil               | Nil                         |
| (i) Others (Stressed Assets Stabilization Fund)                          | 1172252                                   | Nil      | 1172252 | 2.30              | 758317                                    | Nil      | 758317  | 1.49              | (0.81)                      |
| Sub-Total (B)(1)   | 1172252                                   | Nil      | 1172252 | 2.30              | 758317                                    | Nil      | 758317  | 1.49              | (0.81)                      |
| (2) Non- Institutions  |   |          |         |                   |   |          |         |                   |                             |
| (a) Bodies Corp  |   |          |         |                   |   |          |         |                   |                             |
| (i) Indian   | 7347276                                   | 800      | 7348076 | 14.43             | 9287991                                   | 800      | 9288791 | 18.25             | +3.82                       |
| (ii) Overseas  |   |          |         |                   |   |          |         |                   |                             |
| (b) Individuals  |   |          |         |                   |   |          |         |                   |                             |
| i. Individual shareholders holding nominal share capital upto Rs. 1 Lakh | 1657176                                   | 125156   | 1782332 | 3.50              | 3395308                                   | 122856   | 3518164 | 6.91              | +3.41                       |

| Category of Shareholders  | No. of Shares held at the end of the year |               |                 |                   | No. of Shares held at the end of the year |               |                 |                   | % of Change during the Year |
|---|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|-----------------------------|
|   | Demat                                     | Physical      | Total           | % of Total Shares | Demat                                     | Physical      | Total           | % of Total Shares |                             |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 1003999                                   | 12500         | 1016499         | 1.99              | 6160073                                   | 12500         | 6172573         | 12.12             | +10.13                      |
| (C) Others (Specify)  |   |               |                 |                   |   |               |                 |                   |                             |
| Non Resident Indians  | 1901789                                   | 28900         | 1930689         | 3.79              | 2099522                                   | 28900         | 2128422         | 4.18              | +0.39                       |
| Clearing Members  | 22139                                     | Nil           | 22139           | 0.04              | 291003                                    | Nil           | 291003          | 0.57              | +0.53                       |
| Foreign Corporate Bodies  | 10081067                                  | 700000        | 10781067        | 21.18             | 700000                                    | 700000        | 1400000         | 2.75              | (18.43)                     |
| Directors & their relatives   | 32507                                     | Nil           | 32507           | 0.07              | 32507                                     | Nil           | 32507           | 0.06              | (0.01)                      |
| Hindu Undivided Families  | 126004                                    | Nil           | 126004          | 0.25              | 621788                                    | Nil           | 621788          | 1.22              | +0.97                       |
| <b>Sub-Total (B)(2)</b>   | <b>22171957</b>                           | <b>867356</b> | <b>23039313</b> | <b>45.25</b>      | <b>22588192</b>                           | <b>865056</b> | <b>23453248</b> | <b>46.04</b>      | <b>+0.79</b>                |
| <b>Total Shareholding of Promoter = (B) (1) + (B) (2)</b>                         | <b>23344209</b>                           | <b>867356</b> | <b>24211565</b> | <b>47.57</b>      | <b>23346509</b>                           | <b>865056</b> | <b>24211565</b> | <b>47.57</b>      | <b>Nil</b>                  |
| <b>C. Shares held by custodian for GDRs &amp; ADRs</b>                            | <b>Nil</b>                                | <b>Nil</b>    | <b>Nil</b>      | <b>Nil</b>        | <b>Nil</b>                                | <b>Nil</b>    | <b>Nil</b>      | <b>Nil</b>        | <b>Nil</b>                  |
| <b>Grand Total (A+B+C)</b>  | <b>50043293</b>                           | <b>867356</b> | <b>50910649</b> | <b>100</b>        | <b>50045593</b>                           | <b>865056</b> | <b>50910649</b> | <b>100</b>        | <b>Nil</b>                  |

## (ii) Shareholding of Promoters :

| S.No         | Shareholders' Name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % of Change of during the Year |
|--------------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--------------------------------|
|              |                    | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |                                |
| 1            | G.R.Surana         | 5076875                                   | 9.97                             | 100  | 5076875                             | 9.97                             | 100  | Nil                            |
| 2            | Shantilal Surana   | 5076875                                   | 9.97                             | 100  | 5076875                             | 9.97                             | 100  | Nil                            |
| 3            | Dineshchand Surana | 11468458                                  | 22.53                            | 100  | 11468458                            | 22.53                            | 100  | Nil                            |
| 4            | Vijayraj Surana    | 5076876                                   | 9.97                             | 100  | 5076876                             | 9.97                             | 100  | Nil                            |
| <b>Total</b> |                    | <b>26699084</b>                           | <b>52.44</b>                     |  | <b>26699084</b>                     | <b>52.44</b>                     |  | <b>Nil</b>                     |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

| S.No | Particulars   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------|---|---|----------------------------------|---|----------------------------------|
|      |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1    | At the beginning of the year  | 26699084                                  | 52.44                            | 26699084                                | 52.44                            |
| 2    | Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease | Nil                                       | Nil                              | Nil                                     | Nil                              |
| 3    | At the End of the year  | 26699084                                  | 52.44                            | 26699084                                | 52.44                            |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| S.No | For Each of the Top 10 Shareholders   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------|---|---|----------------------------------|---|----------------------------------|
|      |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1    | At the beginning of the year  | 18378319                                  | 36.09                            | 10137533                                | 19.90                            |
| 2    | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) | (8240786)                                 | (16.19)                          | Nil                                     | Nil                              |
| 3    | At the End of the year ( or on the date of separation, if Separated during the year)  | 10137533                                  | 19.90                            | 10137533                                | 19.90                            |

## (v) Shareholding of Directors and Key Managerial Personnel

Director Name : Shri Dineshchand Surana

| S.No | For Each of the Directors and KMP   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------|---|---|----------------------------------|---|----------------------------------|
|      |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1    | At the beginning of the year  | 11468458                                  | 22.53                            | 11468458                                | 22.53                            |
| 2    | Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease : Inter-Se Transfer | Nil                                       | Nil                              | Nil                                     | Nil                              |
| 3    | <b>At the End of the year</b>   | <b>11468458</b>                           | <b>22.53</b>                     | <b>11468458</b>                         | <b>22.53</b>                     |



**II. INDEBTEDNESS:****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

| S.No.      | Particulars  | Secured Loans<br>excluding Deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|------------|--|-------------------------------------|--------------------|----------|-----------------------|
|            |  | (A)                                 | (B)                | (C)      | (D)=(A+B+C)           |
| <b>(A)</b> | <b>Indebtedness at the beginning of the Financial Year</b> |                                     |                    |          |                       |
|            | (i) Principal Amount                                       | 17175463352                         | 465435000          | -        | 17640898352           |
|            | (ii) Interest due but not paid                             | -                                   | -                  | -        | -                     |
|            | (iii) Interest accrued but not due                         | -                                   | -                  | -        | -                     |
|            | <b>Total ( i+ii+iii )</b>                                  | <b>17175463352</b>                  | <b>465435000</b>   | <b>-</b> | <b>17640898352</b>    |
| <b>(B)</b> | <b>Change in Indebtedness during the Financial Year</b>    |                                     |                    |          |                       |
|            | Addition   | 2698056384                          | -                  | -        | 2698056384            |
|            | Reduction  | 3101692938                          | 465435000          | -        | 3567127938            |
|            | <b>Net Change</b>  | <b>(403636554)</b>                  | <b>(465435000)</b> | <b>-</b> | <b>(869071554)</b>    |
| <b>(C)</b> | <b>Indebtedness at the end of the Financial Year</b>       |                                     |                    |          |                       |
|            | (i) Principal Amount                                       | 12173134356                         | -                  | -        | 12173134356           |
|            | (ii) Interest due but not paid                             | 4598692440                          | -                  | -        | 4598692440            |
|            | (iii) Interest accrued but not due                         | -                                   | -                  | -        | -                     |
|            | <b>Total ( i+ii+iii )</b>                                  | <b>33543653594</b>                  | <b>-</b>           | <b>-</b> | <b>33543653594</b>    |

**III. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Rs. in Lakhs**

| S.No     | Particulars of Remuneration   | Name of MD/WTG/Manager                | Total Amount |
|----------|---|---------------------------------------|--------------|
|          |   | Dineshchand Surana, Managing Director |              |
| <b>1</b> | <b>Gross salary</b>   |                                       |              |
| (a)      | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 24                                    | 24           |
| (b)      | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                                   | Nil          |
| (c)      | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                                   | Nil          |

| S.No                          | Particulars of Remuneration                            | Name of MD/WTD/Manager                | Total Amount |
|-------------------------------|--|---------------------------------------|--------------|
|                               |  | Dineshchand Surana, Managing Director |              |
| 2                             | Stock Option   | Nil                                   | Nil          |
| 3                             | Sweat Equity   | Nil                                   | Nil          |
| 4                             | Commission<br>- as % of profit<br>- others, specify... | Nil                                   | Nil          |
| <b>Total (A)</b>              |  | <b>24</b>                             | <b>24</b>    |
| <b>Ceiling as per the Act</b> |  |                                       | <b>96.00</b> |

**B. Remuneration to other Directors:**

| S.No                                 | Particulars of Remuneration  | Name of Directors | Total Amount in Lakhs   |
|--------------------------------------|--|-------------------|-------------------------|
|                                      |  | Babu Srinivasan   |                         |
|                                      | a. Independent Directors<br>• Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify | 1.35              | 1.35                    |
| <b>Total (1)</b>                     |  | <b>1.35</b>       | <b>1.35</b>             |
| S.No                                 | Particulars of Remuneration  | Name of Directors | Total Amount in Lakhs   |
|                                      |  | Krishna Udupa     |                         |
|                                      | a. Independent Directors<br>• Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify | 0.45              | 0.45                    |
| <b>Total (2)</b>                     |  | <b>0.45</b>       | <b>0.45</b>             |
| <b>Total (B) = (1)+(2)</b>           |  |                   | <b>1.80</b>             |
| <b>Total Managerial Remuneration</b> |  |                   | <b>1.80</b>             |
| <b>Total Overall Ceiling Limit</b>   |  |                   | <b>1% of Net Profit</b> |

**C. Remuneration to other Directors, Key Managerial Personnel other than MD/MANAGER/ WTD:***In Lakhs Per Annum*

| S.No             | Particulars of Remuneration   | Key Managerial Personnel / Others |           |             |           |
|------------------|---|-----------------------------------|-----------|-------------|-----------|
|                  |   | CEO                               | CAO       | CS          | Total     |
| (a)              | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 24                                | 24        | 1.80        | 48        |
| (b)              | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                               | Nil       | Nil         | Nil       |
| (c)              | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                               | Nil       | Nil         | Nil       |
| 2                | Stock Option  | Nil                               | Nil       | Nil         | Nil       |
| 3                | Sweat Equity  | Nil                               | Nil       | Nil         | Nil       |
| 4                | Commission<br>- as % of profit<br>- others, specify...                          | Nil                               | Nil       | Nil         | Nil       |
| 5                | Others, please specify  | Nil                               | Nil       | Nil         | Nil       |
| <b>Total (A)</b> |   | <b>24</b>                         | <b>24</b> | <b>1.80</b> | <b>48</b> |

**IV. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |

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

Place: Gummudipoondi  
Date: August 12, 2017

**Babu Srinivasan**  
**Chairman**  
**(DIN: 06608264)**

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

## **REPORT ON CORPORATE GOVERNANCE**

(Pursuant To Regulation 34 (3) of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

### **MANDATORY REQUIREMENTS**

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate Governance is about commitment to values and ethical business conduct that evolved over a period of time. 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 per the Regulation of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered with the Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd (NSE).

We believe that it is our responsibility to adhere and enforce the principles of sound Corporate Governance with the objectives of transparency, professionalism and accountability, while facilitating effective management of the businesses and efficiency in operations.

#### **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 Nominee Director(s) and Independent Director(s) 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**

The Board of Directors of our Company comprises of Two Non-Executive, One Nominee and One Executive Director. The Chairman of the Board is a Non- Executive Director and Two Non Executive Directors are Independent Directors as per the criteria of independence stated in Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The optimum combination of Executive, Non-executive and Independent Directors ensures independence of the Board and separation of Board function of governance and management.

##### **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 Key Management Personnel, Senior Management Staff and Officers to ensure proper functioning of the Company in terms of set guidelines.

The Board has constituted other Committees viz Executive Committee, Borrowing Committee, Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Allotment Committee, Corporate Social Responsibility & Governance Committee, Risk Management Committee and Management Committee. The Board constitutes additional functional committees from time to time depending upon the necessity. 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. The Board/Committee meetings are conducted as per well defined procedures and systems. The information placed before the Board includes:

- Compliance with Statutory/Regulatory requirements and review of major legal issues.
- Quarterly/Half Yearly/Annual Financial Results of the Company.
- Noting of the proceedings of the Meeting of Audit Committee and other Committees of the Board.
- Review of the Board Minutes of subsidiaries.
- Annual and Accounting Policies
- Monitoring of Performance
- Annual operating Plans, budgets and updates on the same.
- Capital Budgets and updates on the same.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Any material default in financial obligations to and by the listed entity, or substantial non payment for goods sold by the listed entity.
- Detailed analysis of Steel Market Position and Economic Scenario.
- Delegation of Authority and renewal thereof, etc.

In addition to the above, the company is also following the practice of placing all the items to the extent applicable to it as specifically required under Regulation 17(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **2.4 DISTRIBUTION OF BOARD AGENDA PAPERS**

Board Notes are circulated well advance in the devised agenda format as stipulated in Secretarial Standards on Meetings of Board of Directors (SS-1). 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 circulated to the Directors in draft form for their approval. Any changes as suggested by them in the draft are incorporated and then final minutes are prepared and signature of the Chairman is obtained. The Company is following all the regulations as stipulated in Secretarial Standards on Meetings of Board of Directors (SS-1) as prescribed by the Institute of Company Secretaries of India.

## 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 their follow up and implementation.

## 2.7 COMPLIANCE WITH 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, guidelines from other statutory bodies including Secretarial Standards on Meetings of Board of Directors (SS-1) as prescribed by the Institute of Company Secretaries of India.

## 3. BOARD MEETINGS

Eight Board Meetings were held during the financial year 2016-17. The maximum gap between any two meetings was less than 4 months as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The dates on which the said meetings held are as follows:

May 30, 2016, June 01, 2016, September 02, 2016, September 14, 2016, September 16, 2016, December 14, 2016, January 18, 2017 and February 10, 2017.

Attendance of each Director at Board Meetings & Annual General Meeting of the Company held during the year and the number of Directorship(s) and Committee Chairmanships / Memberships held by them in other companies are given below:

| Name of the Director     | Category               | Attendance |     | No. Of Directorships in public limited companies including this company * | Committee Memberships (including this Company) * |        |
|--------------------------|------------------------|------------|-----|---|--|--------|
|                          |                        | Board      | AGM |   | Chairman   | Member |
| Shri. Babu Srinivasan    | Non-Executive Chairman | 8          | Yes | 2   | 3  | -      |
| Shri. Dineshchand Surana | Managing Director      | 8          | Yes | 2   | -  | 3      |

|                                 |                        |   |    |   |   |   |
|---------------------------------|------------------------|---|----|---|---|---|
| Shri. Krishna Udupa #           | Non-Executive Director | 4 | No | - | - | - |
| Shri. Biju George%              | Nominee Director       | - | No | - | - | - |
| Shri. Rajesh Kumar Gupta**      | Nominee Director       | - | No | 3 | - | - |
| Smt. Soundharya Panchapakesan & | Independent Director   | 2 | No | - | - | - |

\* Represents directorship(s)/membership(s) of Audit and Stakeholders' Relationship Committee(s) in public limited companies governed by the Companies Act, 2013

# Resigned as a Director with effect from September 30, 2016.

% Withdrawn as a Nominee Director by M/s. IDBI with effect from October 21, 2016.

\*\* Withdrawal notice received on February 09, 2017.

& Resigned as a Director with effect from June 01, 2016.

The Board has been provided with all material and substantial information that facilitates them for imparting significant decisions while discharging its duties as trustees of shareholders.

The details of familiarization programs imparted to independent directors are disclosed in the web link [www.suranaind.com](http://www.suranaind.com).

#### 4. CODE OF CONDUCT

A declaration signed by the Managing Director, stating that all Directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company is enclosed at the end of the report. The code of conduct is available on the website of the Company [www.suranaind.com](http://www.suranaind.com).

#### 5. PREVENTION OF INSIDER TRADING

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, our Company has adopted a Code of Conduct for prevention of Insider Trading. This Code is applicable to all Board members/officers/designated employees. The objective of this code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information.

#### 6. SECRETARIAL STANDARDS RELATING TO BOARD MEETINGS

The Company is following regulations has stipulated in the Secretarial Standards on Meetings of Board of Directors (SS-1) as prescribed by the Institute of Company Secretaries of India.

#### 7. AUDIT COMMITTEE

##### 7.1 COMPOSITION, NAMES OF MEMBERS AND CHAIRMAN

The Audit Committee comprises of Shri. Babu Srinivasan, Shri. Dineshchand Surana and Smt. Agnes Roselind Joseph, out of which two are Non-Executive Independent Directors of the Company with Shri. Babu Srinivasan as its Chairman. The Company Secretary acts as Secretary of the Committee.

## 7.2 MEETINGS AND THE ATTENDANCE DURING THE YEAR

Seven meetings of the Audit Committee were held during the year on May 30, 2016, June 01, 2016, September 14, 2016, September 16, 2016, December 14, 2016, January 18, 2017 and February 10, 2017.

| Name of the Director            | Status   | No. of Meetings attended |
|---------------------------------|----------|--------------------------|
| Shri. S. Babu                   | Chairman | 7                        |
| Shri. Krishna Udupa#            | Member   | 4                        |
| Smt. Soundharya Panchapakesan## | Member   | 2                        |
| Smt. Agnes Roselind Joseph###   | Member   | 6                        |
| Shri. Dineshchand Surana        | Member   | 3                        |

# Shri. Krishna Udupa resigned as Director with effect from September 30, 2016.

## Smt. Soundharya Panchapakesan resigned as Director with effect from June 01, 2016.

### Smt. Agnes Roselind Joseph appointed as Director with effect from June 01, 2016.

## 7.3 BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Terms of Reference of Audit Committee cover the matters specified for Audit Committee under Section 177 of the Companies Act, 2013 and regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Brief Terms of Reference are:

The Audit Committee acts as a link between the Internal and Statutory Auditors and the Board of Directors.

The Committee provides the Board with additional assurance as to the adequacy of the Company's internal control systems and financial disclosures. The broad terms of reference of the Audit Committee are as per Section 177 of the Companies Act, 2013 and to review with the Management and/or Internal Auditors and/or Statutory Auditors in the following areas:

- i) Overview of the Company's financial reporting process and financial information disclosures;
- ii) Review with the Management, the annual and quarterly financial statements before submission to the Board;
- iii) Review with the Management, the Internal and External Audit Reports and the adequacy of internal control systems;
- iv) Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the Company's policies and applicable laws and regulations;
- v) Recommending the appointment and removal of External Auditors and fixation of audit terms;
- vi) Review of utilization of proceeds raised from Public/Rights issues.

## 8. NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,



the Board has renamed the existing “Remuneration Committee” as “Nomination and Remuneration Committee”.

The Nomination and Remuneration Committee of our Company has been constituted to recommend to the Board the appointment/reappointment of the Executive and Non-Executive Directors, the induction of Board members into various committees and suggest revision in total remuneration package of the Executive Director(s) keeping in view the prevailing statutory guidelines. The Committee has also been empowered to review/recommend the periodic increments, if any, in salary and annual incentive of the Executive Director(s).

This Committee comprises of Two Independent Directors and One Non-Executive Director, comprising of Shri. Babu Srinivasan, Chairman, Shri. Rajesh Kumar Gupta and Smt. Agnes Roselind Joseph as Members of the Committee. The Company Secretary acts as Secretary of the Committee. The Committee met one time during the financial year 2016-17 on June 01, 2016.

| Name of the Director             | Category | No. of Meetings attended |
|----------------------------------|----------|--------------------------|
| Shri. S. Babu#                   | Chairman | 1                        |
| Shri. Krishna Udupa #            | Member   | 1                        |
| Smt. Soundharya Panchapakesan ## | Member   | 1                        |

# Resigned as a Director with effect from September 30, 2016.

## Resigned as a Director with effect from June 01, 2016.

## 9. REMUNERATION TO DIRECTORS

The Remuneration paid/payable to the Executive Directors for the year ended 31<sup>st</sup> March 2017 is as follows:

Remuneration paid to Shri. Dineshchand Surana during the financial are as follows.

(Rs.in Lakhs)

|                         |              |
|-------------------------|--------------|
| Salary with Perquisites | 24.00        |
| <b>Total</b>            | <b>24.00</b> |

## 10. NON-EXECUTIVE DIRECTOR’S COMPENSATION

The Sitting Fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March 2017 is as follows:

(Rs.in Lakhs)

| Name of the Director  | Sitting fee * |
|-----------------------|---------------|
| Shri. Babu Srinivasan | 1.35          |
| Shri. Krishna Udupa   | 0.45          |
| <b>Total</b>          | <b>1.80</b>   |

\* Includes sitting fee paid for attending Committee Meetings.

The sitting fee payable to Non Executive Directors for attending the Board and Committee Meetings has been fixed at Rs. 20000/- and Rs. 2500/- respectively.

## **11. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee is functioning to look into redressal of Investor/Shareholders complaints expeditiously. The Stakeholders' Relationship 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 Stakeholders' Relationship Committee's composition and the terms of reference meet with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Stakeholder's Relationship Committee Comprises of Shri. Babu Srinivasan as Chairman, Shri. Dineshchand Surana and Shri. Agnes Roselind Joseph, as members. The Company Secretary acts as the Secretary of the Committee and the Compliance officer of the Company.

## **12. CORPORATE SOCIAL RESPONSIBILITY & GOVERNANCE COMMITTEE:**

In compliance with the provisions of Section 135 of the Companies Act, 2013 the board has constituted a Corporate Social Responsibility & Governance (CSR&G) Committee to review the existing CSR policy. 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 best practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. The Corporate Social Responsibility & Governance Committee Comprises of Shri. Babu Srinivasan as Chairman, Shri. Dineshchand Surana and Smt. Agnes Roselind Joseph as members. The Company Secretary acts as the Secretary of the Committee.

## **13. RISK MANAGEMENT COMMITTEE:**

In compliance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has constituted Risk Management Committee.

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The Risk Management Committee Comprises of Shri. Dineshchand Surana as Chairman, Smt. Agnes Roselind Joseph, Shri. Babu Srinivasan and Shri. Devarajan. K.E as members.

## **14. SHARE TRANSFER AND TRANSMISSION COMMITTEE:**

The Share Transfer and Transmission Committee oversees and reviews all matters connected with transfers, transmissions, transpositions, splitting, consolidation of shares, Demat and remat requests.

The Share Transfer and Transmission Committee comprises of Shri. Dineshchand Surana, as Chairman and Smt. Agnes Roselind Joseph, Non-Executive Director as Member.

## **15. EXECUTIVE COMMITTEE:**

The Executive Committee oversees the implementation of the Group's strategic initiatives which are set by the Board and also to oversee the day to day operations and general decision making powers to be made

from time to time. It is led by Shri. Dineshchand Surana as Chairman, Smt. Agnes Roselind Joseph, Shri. Babu Srinivasan and Shri. Devarajan.K.E as Members.

#### **16. BORROWING COMMITTEE:**

The Borrowing Committee oversees the borrowing from time to time, any sums of monies which together with the monies already borrowed by the company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business). It is led by Shri. Dineshchand Surana as Chairman, Smt. Agnes Roselind Joseph, Shri. Babu Srinivasan and Shri. Devarajan.K.E as Members.

#### **17. INDEPENDENT DIRECTORS' MEETING**

During the year, the Independent Directors met on February 10, 2017 inter alia, to discuss:

- a) Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- c) Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### **18. BOARD FAMILIARISATION AND INDUCTION PROGRAMME:**

The Familiarization Programme ("the Programme") for Independent Directors of the Company familiarizes their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. The Company circulates news and articles related to the industry on a regular basis and may provide specific regulatory updates and provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, service, markets, organisation structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time. The Company further follows a system of 'Orientation Programme' for any new Director who joins the Company's Board. The concerned Director is taken through an orientation process, which includes detailed presentation of the process and business of the Company, meeting with unit level and Senior Management team. The information / details about the Company from its date of incorporation, its growth, corporate actions, corporate acquisitions etc to understand better the operational activities are presented to the newly inducted Board members.

#### **19. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors, CEO & Managing Director, Key Managerial Personnel and their remuneration. This Policy is accordingly derived from the said Charter.

#### **CRITERIA OF SELECTION OF NON EXECUTIVE DIRECTORS**

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

- b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, Professional or business standing;
  - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

## **20. REMUNERATION**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings as detailed hereunder:

- i. A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits as prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non Executive Director will also be entitled to receive commission if any on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- iii. The N&R Committee may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board.
- iv. The N&R Committee may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility;
- v. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- vi. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

### **20.1 REMUNERATION POLICY FOR THE SENIOR MANAGEMENT EMPLOYEES**

- I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:
  - i. the relationship of remuneration and performance benchmark is clear;
  - ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trends in the market.

II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N & R Committee for its review and approval.

## 20.2 PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and regulation of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

Performance evaluation is done after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance specific duties, obligations and governance. Directors including the Chairman of the Board are evaluated on parameters such as level of engagement and contribution, independence of judgement safeguarding the interest of the Company and its minority shareholders etc. The Directors expressed their satisfaction with the evaluation process.

## 21. MEETINGS

### 21.1 TENTATIVE CALENDAR FOR FY 2017-18

| Quarter | Quarter Ending     | Date of Board Meeting |
|---------|--------------------|-----------------------|
| Q1      | June 30, 2017      | August 12, 2017.      |
| Q2      | September 30, 2017 | November 13, 2017.    |
| Q3      | December 31, 2017  | February 09, 2017.    |
| Q4      | March 31, 2018     | May 25, 2018.         |

### 21.2 DETAILS OF THE LOCATION, DATE AND TIME OF THE LAST 3 ANNUAL GENERAL MEETINGS (AGM) AND THE DETAILS ARE GIVEN BELOW:

| Year     | Meeting              | Location  | Day/Date             | Time     |
|----------|----------------------|---|----------------------|----------|
| 2015-16  | 25 <sup>th</sup> AGM | F67, 68 & 69, SIPCOT Industrial Complex Gummudipoondi, Thiruvallur, Tamilnadu – 601 201               | 30.09.2016<br>Friday | 10.00 am |
| 2014-15  | 24 <sup>th</sup> AGM | New Door No. 01, Ambedkar Nagar, GNT Road, Madhavaram, Chennai – 600 060.                             | 10.08.2015<br>Monday | 09.30 am |
| 2013 -14 | 23 <sup>rd</sup> AGM | The Music Academy,<br>“Kasturi Srinivasan Hall”<br>No.168, TTK Road,<br>Royapettah, Chennai- 600 014. | 18.07.2014<br>Friday | 09.30 am |

### **21.3 SPECIAL RESOLUTION PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS**

- At the 25<sup>th</sup> Annual General Meeting held on September 30, 2016, the following resolution was passed:
  - a) The approval of the shareholders was obtained for exercising the borrowing powers of the company pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013 for an aggregate limit of up to Rs. 10,000/- Crores.
- At the 24<sup>th</sup> Annual General Meeting held on August 10, 2015, no special resolutions were passed.
- At the 23<sup>rd</sup> Annual General Meeting held on July 18, 2014 the following special resolution was passed:
  - a) The approval of the shareholders was obtained for exercising the borrowing powers of the company pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013 for an aggregate limit of up to Rs. 10,000/- Crores.

### **21.4 DETAILS OF PREVIOUS EXTRAORDINARY GENERAL MEETINGS (LAST 3 YEARS)**

- At the Extra-Ordinary General Meeting at March 24, 2017, the following resolution was passed:
  - a) Appointment of Statutory Auditors to fill Casual Vacancy.

However, no special resolution was passed.
- At the Extra-Ordinary General Meeting at September 30, 2014, the following resolution was passed:
  - a) Appointment of Statutory Auditors to fill Casual Vacancy.
  - b) Appointment of Dr. S.K.Gupta as an Independent Director of the company.
  - c) Appointment of Shri. K.N.Prithviraj as an Independent Director of the company.
  - d) Appointment of Shri. B.S.Patil as an Independent Director of the company.
  - e) Ratification of remuneration payable to M/s. JV associates, appointed as cost auditor of the company for the financial year 2014-15.

However, no special resolution was passed.

### **21.5 POSTAL BALLOT**

No Resolution was passed through Postal Ballot during the Financial Year 2016-17.

### **21.6 SUBSIDIARY COMPANIES**

The Company has one material subsidiary namely M/s. Surana Power Limited (SPL) whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year. Accordingly, a policy on determination of material subsidiaries has been formulated by the company and same was approved by the Board at its meeting held on November 14, 2014, which is also displayed on the website of the company.

## 22. DISCLOSURES

- I. There were no materially significant related party transactions during the year having conflict with the interests of the Company.
- II. National Stock Exchange of India Limited and Bombay Stock Exchange Ltd had imposed a penalty of Rs. 50,000/- for non compliance with the provisions of Clause 49 of the Listing Agreement with respect to appointment of Woman Director on the Board of the Company and the company has paid the stipulated fine levied by both BSE and NSE.
- III. Apart from the above, there has been no significant non-compliance by the Company or penalty or stricture imposed on the Company by the Stock Exchange or any statutory authority, on any matter related to capital markets, during the last three years except SEBI had imposed a penalty to a tune of Rs. 10 Lakhs vide its Adjudication order dated September 26, 2014 which was received by the company on October 3, 2014 and accordingly the company has paid the penalty of Rs. 10 Lakhs.
- IV. As stipulated under the provisions of Listing Regulations a Policy for determining material subsidiaries has been framed and the policy is available on our website (<http://www.suranaind.com>)
- V. As stipulated under the provisions of Listing Regulations a Policy on dealing with related party transactions has been framed and the policy is available on our website (<http://www.suranaind.com>) Pursuant to Para A of Schedule V of SEBI (LODR) Regulations 2015, disclosures pertaining to related party transactions are reported under the notes to financial statements which form part of this Annual Report.
- VI. The company has laid down procedures to inform the Board Members about the risk assessment and its mitigation, which is periodically reviewed to ensure that risk control, is exercised by the Management effectively. Employee level and Board level committees have been formed to analyze the issues relating to risk management and the action points arising out of the deliberations of the Committees are reviewed by the Company.
- VII. As required under Regulation 17 of The SEBI (LODR) Regulations, 2015, CEO/CFO Certification by Shri. Dineshchand Surana, Managing Director was placed before the Board at its meeting held on August 12, 2017 which also forms part of this Annual Report.
- VIII. As required by Schedule V of Listing Regulations, the Auditor's certificate on corporate governance is annexed to the Corporate Governance report.
- IX. In compliance with Regulation 26(3) of Listing Regulations and The Companies Act, 2013, the company has framed and adopted a Code of Conduct and Ethics ('the Code'). The code is applicable to the members of the Board, the executive officers and all the employees of the company and its subsidiaries. The code is available on our website. All the members of the Board, executive officers and senior financial officers have affirmed compliance of the code as on 31<sup>st</sup> March 2016. A declaration to this effect signed by Director is annexed to the Corporate Governance report.
- X. A Management Discussion and Analysis Report have been presented as part of the Directors' Report.

- XI. The Company has complied with all the mandatory requirements stipulated under the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable/possible.
- XII. All the requirements of Corporate Governance report specified in Sub-paras (2) to (10) of Para C of Schedule V to the Regulations have been complied to the extent possible.
- XIII. The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of the Regulations.

The company has complied with all mandatory requirements. Adoptions of non-mandatory requirements are provided under item no.27 of this report.

## **22.1 DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES**

The Company mainly sources its materials domestically and the exports are not substantial, there has been no major commodity price risks faced. Accordingly, there have been no commodity hedging activities undertaken by the Company

## **22.2 DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT.**

There are no such details pertaining to demat suspense account/unclaimed suspense account.

## **22.3 COMPLIANCE WITH DISCRETIONARY REQUIREMENTS**

As stipulated under Regulation 27 read with Part E of Schedule II of Listing Regulations, the following discretionary requirements have been adopted / complied with by the Company

- a) The posts of Chairman and Managing Director are held by two separate individuals.
- b) There are no qualifications by the Auditors on the Standalone/Consolidated Financial Statements for the year 2016-17 other than those specified in the their Audit Reports relating to Standalone/Consolidated Financial Statements, the Management reply for the same was given in the Director's report.

The Company has appointed M/s. K. Balaji & Co, Chartered Accountants,, Chennai as the Internal Auditor who carried out the audit and the report is presented to the Audit Committee for review and further directions.

## **23 DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE OF SEBI (LODR) REGULATION, 2015)**

The details are provided in the Explanatory Statement to the Notice of 26th Annual General Meeting of the Company.

## **24 CEO/CFO CERTIFICATION**

As required under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 a certificate duly signed by Shri. Dineshchand Surana, Managing of the Company was placed at the meeting of the Board of Directors held on August 12, 2017.



**25 MEANS OF COMMUNICATION**

The quarterly, half yearly unaudited financial results and the annual audited financial results of the company are sent to the stock exchanges immediately after they are approved by the Board of Directors. The results are normally published in one English daily and one Tamil daily newspaper. The official announcements are posted at BSE and NSE websites. The financial results and communications to investors are posted on the Company's website [www.suranaind.com](http://www.suranaind.com).

**26 MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

Management Discussion and Analysis report is forms part of the Directors Report.

**27 NON MANDATORY REQUIREMENTS****27.1 NOMINATION & REMUNERATION COMMITTEE**

The Board has constituted a Nomination & Remuneration Committee, which is composed of two independent Directors and one Non-executive Director. The Committee also discharges the duties and responsibilities as described under non-mandatory requirement of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015. The details of the Committee and its powers have been discussed in this section of the Annual Report.

**27.2 SHAREHOLDERS RIGHTS**

On approval of the Board, the quarterly/half yearly/annual results are forthwith sent to the Stock Exchanges with whom the company has listed. The results, in the prescribed format, are published in One English daily and One Tamil daily newspaper.

**27.3 AUDIT QUALIFICATION**

The Auditors qualifications and the management's response to such qualifications and observations are covered in the Director Report.

**27.4 WHISTLE BLOWER POLICY**

The company has a Whistle Blower/Vigil Mechanism and framed a policy for the same to deal with the instance of fraud and mismanagement. The policy is stated elsewhere in the report. The Audit Committee has not received any complaints from its employees during the fiscal year 2017.

**28 GENERAL SHAREHOLDERS INFORMATION**

- REGISTERED OFFICE OF THE COMPANY**

F67, 68 & 69, SIPCOT Industrial Complex, Gummudipoondi, Thiruvallur, Tamilnadu – 601 201

Tel: +91 44 2792 2880 Fax: +91 44 2792 2880

E-mail: [secretarial@suranaind.com](mailto:secretarial@suranaind.com)

- FORTHCOMING ANNUAL GENERAL MEETING**

22<sup>nd</sup> September, 2017.

F67, 68 & 69, SIPCOT Industrial Complex, Gummudipoondi, Thiruvallur, Tamilnadu – 601 201

- FINANCIAL YEAR**

1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

- **BOOK CLOSURE DATES**

From September 16, 2017 to September 22, 2017 (both days inclusive)

- **DIVIDEND**

Due to the continuing losses incurred by the Company, the Board of Directors has not recommended any dividend for the financial year 2016-17.

- **UNCLAIMED DIVIDEND**

Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in Investors' Education and Protection Fund (IEPF). Shareholders are, therefore, again requested to claim their unpaid dividend, if not already claimed.

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 2009-10 were duly transferred to the IEPF within the due dates. The details of Unpaid and unclaimed dividend balances are provided hereunder:

| <b>DETAILS OF UNPAID/UNCLAIMED DIVIDEND</b> |                            |   |   |                                      |   |
|---|----------------------------|---|---|--------------------------------------|---|
| <b>Financial Year</b>                       | <b>Date of Declaration</b> | <b>Date for Transfer to Unpaid Dividend Account</b> | <b>Last Date for Claiming Unpaid Dividend</b> | <b>Due Date for transfer to IEPF</b> | <b>Amount of Unclaimed Dividend (Rs.)</b> |
| 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                                     | 10.07.2012                 | 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](http://www.suranaind.com).

### **INSTRUCTION TO SHAREHOLDERS**

- **SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM**

Please notify the change in your address if any, to the Company's registrar M/s. Cameo Corporate Services Limited, immediately and not later than September 12, 2017 to enable them to forward the annual report(s) and notice(s) to your present address.

- **SHAREHOLDERS HOLDING SHARES IN DEMAT FORM**

If there is any change in your address kindly advice your DPs immediately about the change.

- **LISTING ON STOCK EXCHANGES AND STOCK CODE**

| <b>Stock Exchange</b>   | <b>Stock Code</b>                         |
|---|---|
| National Stock Exchange of India Ltd,<br>Exchange Plaza, Bandra -Kurla Complex,<br>Bandra (E), Mumbai 400 051 | Symbol: SURANAIND<br>Series: EQ           |
| BSE Limited,<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai 400 001                                    | Scrip Code: 513597<br>Scrip Id: SURANAIND |

- **LISTING FEES**

Annual Listing Fees for the year 2016-17 have been duly paid to all the stock exchanges where the company's shares are listed. The listing fees for the financial year 2017-18 have also been paid with all the stock exchanges.

- **DEPOSITORIES CONNECTIVITY**

Annual Custodial Fee for the financial year 2016-17 have been duly paid by the Company with both the depositories viz., NSDL and CDSL.

National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)  
ISIN: INE659D01019

- **SHARE TRANSFER PROCESS**

1. Cameo Corporate Services Ltd processes the physical transfers and other requests from the Shareholders.
2. The Board delegated the power to approve the transfers to the Share Transfer & Transmission Committee and the transfers are approved as and when necessary.
3. A Practising Company Secretary carries out the Reconciliation of Share Capital Audit, pertaining to the share transfers every six months and necessary certificate to that effect are issued and the same are filed with the Stock Exchanges on a quarterly basis.
4. As per SEBI's instructions, the Company's Shares can be sold through stock exchange only in dematerialized form.

The Contact details of Registrar and Share Transfer Agent:

**M/s. Cameo Corporate Services Limited**

No.1, Club House Road, 5th Floor,  
Subramaniam Building, Chennai – 600 002  
Tel: +91-44-28460390, Fax: +91-44-28460129

- **DEMATERIALIZATION OF SHARES AS ON 31<sup>st</sup> MARCH 2017**

1. 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 and holding shares in dematerialized form.
2. A qualified practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (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 form and the total number of dematerialized shares held with NSDL and CDSL.
3. As on 31<sup>st</sup> March 2017, 4,36,54,011 equity shares constituting 98.05% of the total listed paid up capital of the company have been dematerialized. All the equity shares except the locked in shares if any are freely tradable.

• **MARKET PRICE DATA & PERFORMANCE IN COMPARISON WITH BSE AND NSE INDICES**

**MARKET PRICE DATA**

| <b>B.S.E</b> |             |            |                                      | <b>N.S.E</b> |            |                                      |
|--------------|-------------|------------|--------------------------------------|--------------|------------|--------------------------------------|
| <b>Month</b> | <b>High</b> | <b>Low</b> | <b>Traded Volume (No. of shares)</b> | <b>High</b>  | <b>Low</b> | <b>Traded Volume (No. of shares)</b> |
| Apr-16       | 7.40        | 6.35       | 311178                               | 7.95         | 6.30       | 767421                               |
| May-16       | 6.96        | 5.50       | 149737                               | 7.35         | 5.50       | 315274                               |
| Jun-16       | 8.75        | 5.00       | 323492                               | 7.35         | 5.50       | 814742                               |
| Jul-16       | 6.90        | 5.42       | 196933                               | 6.90         | 5.25       | 990206                               |
| Aug-16       | 5.85        | 5.01       | 111768                               | 5.85         | 5.00       | 225438                               |
| Sep-16       | 5.90        | 4.86       | 64975                                | 5.75         | 4.70       | 201274                               |
| Oct-16       | 5.98        | 5.00       | 57108                                | 5.85         | 4.75       | 217312                               |
| Nov-16       | 7.59        | 4.31       | 1026991                              | 8.25         | 4.00       | 3169295                              |
| Dec-16       | 4.85        | 2.40       | 700061                               | 4.90         | 2.45       | 3547851                              |
| Jan-17       | 3.50        | 2.50       | 2298103                              | 3.45         | 2.50       | 4336648                              |
| Feb-17       | 4.33        | 2.77       | 2233984                              | 4.05         | 2.80       | 4343264                              |
| Mar-17       | 4.87        | 2.95       | 2835162                              | 4.80         | 2.90       | 2318661                              |

**SHAREHOLDING PATTERN/ DISTRIBUTION**

• **SHAREHOLDING PATTERN AS ON 31.03.2017**

| <b>CATEGORY</b>  | <b>NO.OF SHARES</b> | <b>SHARES IN DEMAT</b> | <b>% HOLDING</b> |
|--|---------------------|------------------------|------------------|
| I. Promoters and Promoter Group                              | 26699084            | 20307502               | 52.44            |
| II. Public Shareholding                                      |                     |                        |                  |
| 1. Stressed Assets Stabilization Fund                        | 758317              | 758317                 | 1.49             |
| 2. Bodies Corporate  | 9288791             | 9287991                | 18.25            |
| III. Individual Shareholders                                 | 9690737             | 9555381                | 19.03            |
| IV. Foreign Corporate Bodies                                 | 1400000             | 700000                 | 2.75             |
| V. Non Resident Indians                                      | 2128422             | 2099522                | 4.18             |
| VI. Directors & Relatives (Other than those mentioned above) | 32507               | 32507                  | 0.06             |
| VII. Clearing Members  | 291003              | 291003                 | 0.57             |
| VIII. HUF's  | 621788              | 621788                 | 1.22             |
| <b>Total</b>   | <b>50910649</b>     | <b>4,36,54,011</b>     | <b>100</b>       |

• **DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2017**

| Category         | No. of Holders | % to total | No. Of Shares | % to total |
|------------------|----------------|------------|---------------|------------|
| 1-5000           | 1629           | 39.61      | 692680        | 0.16       |
| 1001-5000        | 882            | 21.44      | 2785320       | 0.63       |
| 5001-10000       | 495            | 12.04      | 4402580       | 0.99       |
| 10001-20000      | 325            | 7.9        | 5438200       | 1.22       |
| 20001-30000      | 188            | 4.57       | 4968590       | 1.12       |
| 30001-40000      | 84             | 2.04       | 3074900       | 0.69       |
| 40001-50000      | 131            | 3.19       | 6340090       | 1.42       |
| 50001-100000     | 163            | 3.96       | 12733750      | 2.86       |
| 100001 and Above | 216            | 5.25       | 404754560     | 90.92      |

**SUMMARY OF SHAREHOLDING**

| Mode of Holding     | No of Shares | % of No of Shares |
|---------------------|--------------|-------------------|
| Physical Form       | 8,65,056     | 1.70              |
| NSDL                | 2,97,82,646  | 58.50             |
| CDSL                | 1,38,71,365  | 27.25             |
| Pending for Listing | 63,91,582    | 12.55             |
| <b>Total</b>        |              | <b>100</b>        |

• **OUTSTANDING GDRS/ADRS etc.**

The Company has not issued any GDR, ADR or any convertible instruments pending conversion or any other instrument likely to impact equity share capital of the company.

• **LOCATION OF PLANTS**

**a) FACTORIES:**

1. F-67, 68 & 69, SIPCOT Industrial Complex,  
Gummidipoondi, Chennai – 601201
2. Plot No. 231-234, Raichur Growth Centre,  
KIADB, Raichur District, Raichur – 584102.  
Karnataka. (Integrated Steel Complex)

• **COMPLIANCE OFFICER**

**Shri. K.Vinoth,**  
Company Secretary,  
Surana Industries Limited  
F-67, 68 & 69, SIPCOT Industrial Complex,  
Gummidipoondi, Chennai – 601201  
Tel: +91 44 28526336/5127 Fax: +91 44 28520713  
E-mail: secretarial@suranaind.com  
Website: www.suranaind.com

- **REGISTRARS AND SHARE TRANSFER AGENTS**

**M/s Cameo Corporate Services Limited**

No.1, Club House Road, 5th Floor,  
Subramaniam Building, Chennai – 600 002  
Tel: +91-44-28460390, Fax: +91-44-28460129.

**For and on behalf of the Board**

Place: Gummudipoondi

Date: August 12, 2017

**Dineshchand Surana**  
**Managing Director**  
**(DIN: 0007032)**

“This space is intentionally left blank”

## **Confirmation on Code of Conduct**

**To**

**The Members of Surana Industries Limited**

This is to inform that the Board has laid down a code of conduct for all Board members and senior management of the Company.

It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 31<sup>st</sup> March 2017, as envisaged in Regulation 26(3) of SEBI (LODR) Regulations, 2015.

**On behalf of the Board**

Place: Gummudipoondi  
Date: August 12, 2017

**Dineshchand Surana**  
**Managing Director**  
**(DIN: 0007032)**

“This space is intentionally left blank”

## CEO/CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Group-CAO of Surana Industries Limited (“the Company”) to the best of our knowledge and belief certify that:

- (i) we have reviewed the Balance Sheet as at March 31, 2017 and statement of Profit and Loss for the year ending on same date, Cash Flow statement as on the same, notes thereto (together known as financial statements).
- (ii) these financial statements do not contain any materially untrue statement or omit any material fact or they contain statements that might be misleading.
- (iii) these financial statements and other financial information included in this report present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iv) there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
- (v) we accept responsibility for establishing and maintaining internal controls for financial reporting.
- (vi) we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
- (vii) there are no deficiencies in the design or operation of internal controls which are to be disclosed to the auditors and/or to the Audit Committee.
- (viii) we have indicated to the auditors of the Company and the Audit Committee that there were
  - a) no significant changes in internal control over financial reporting during the year covered by this report;
  - b) no significant changes in accounting policy has been made during the year covered by this report;
  - c) no significant instances of fraud detected during the year ending March 31, 2017

Place: Gummudipoondi  
Date: August 12, 2017

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

**Devarajan K.E.**  
**Group-Chief Accounting Officer**



**Auditors' Report on Corporate Governance**

To

The Members,  
Surana Industries Limited,  
F67, 68 & 69, SIPCOT Industrial Complex, Gummudipoondi,  
Thiruvallur, TN-601201.

We have examined the compliance of Regulations of Corporate Governance by Surana Industries Limited for the year ended 31<sup>st</sup> March 2017, as stipulated in Regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of Regulations of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has partially complied with the Regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations, where the Company has not held the meeting of the audit committee and meeting of its Board of Directors during the third quarter for the financial year 2016-17 due to absence of quorum, on account of the cyclone in Chennai, Tamil Nadu and the Company has not filed the financial results for the second quarter ended 30<sup>th</sup> September 2016 on or before 15<sup>th</sup> December 2016.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For LAKSHMMI SUBRAMANIAN & ASSOCIATES**

Dated: August 12, 2017

**P S Srinivasan Partner**  
**ACS NO: 1090**  
**CP NO: 3122**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SURANA INDUSTRIES LIMITED**

#### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS Financial Statements of SURANA INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Ind AS Financials Statements')

#### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 Standalone Ind AS Financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Standalone Ind AS Financial Statements.

### Basis for Adverse Opinion

- (i). We refer to the Note No. 4.2 relating to the investment in its subsidiaries Surana Power Limited (SPL). The carrying value of the investment in the SPL as at March 31, 2017 was Rs. 45,350.00 lakhs (previous year Rs. 41,850.00 lakhs). In addition, the Company has also issued a financial guarantee of Rs. 10,000 lakhs to the lenders against the loans taken by this subsidiary. The net worth of this subsidiary has fully eroded as at the Balance Sheet date and its current liabilities exceeded its current assets as on that date. The independent auditor of the subsidiary has given an adverse audit opinion on its financial statements for the year ended March 31, 2017 stating that the going concern assumption is not appropriate and the carrying value of the assets of the subsidiary may also be impaired. No provision has been considered by the management for the diminution in the value of the investments in this subsidiary and for the likelihood of the devolvement of the guarantee on the Company.
- (ii). Attention is invited to Note No. 4.2 regarding investment in Subsidiary Surana Mines & Minerals Limited having a carrying value aggregating to Rs. 5,848.26 lakhs that were approved for divestment due to continuing adverse market scenario which was impacting the survival of the parent Company. This investment is carried at cost and has not been assessed for any impairment to the carrying values.
- (iii). Inventory as at March 31, 2017 aggregated to Rs. 14,879.51 lakhs, (previous year Rs. 16,576.85 lakhs) for which the quantity quality and realizable value were not assessed and determined by the management. In the absence of evidence for physical existence of inventory as at March 31, 2017 and net realizable value of inventory, we are unable to comment on the adjustment that may be required to the carrying value of the inventory.
- (iv). The carrying value of the financial assets as at March 31, 2017 are not measured in accordance with the Ind AS- 109 and we are unable to comment on the adjustment that may be required to the carrying value of the financial assets.
- (v). The financial results for the year ended March 31, 2017 have been prepared on a going concern basis in spite of negative net worth after considering the impact of the modifications mentioned in paragraph (a) and ( b ) above. The ability of the Company to continue as a going concern is significantly dependent on the successful outcome of the ongoing negotiations with the lenders and therefore, we are unable to comment if the going concern assumption is appropriate and any effect it may have on the financial results for the year ended March 2017.
- (vi). The Company has considered trade receivables outstanding for more than 1 year of Rs. 11,582.16 Lakhs and capital advances of Rs. 6,170.88 Lakhs as good and recoverable. However, we were unable to confirm or verify, by alternative means, balances of such trade receivables and we are unable to comment on the adjustments that may be required as at March 31, 2017.
- (vii). Had the provision been made for the financial liability arising out of the guarantee as referred to in paragraph (a) above, had the provision been made for trade receivables and capital advances as referred to in paragraph (b), the loss would have been increased by Rs. 27,768.24 Lakhs and consequently net worth would have been reduced by Rs. 27,768.24 Lakhs respectively.

### Adverse Opinion

In our opinion and to the best of our information and according to the explanations given to us, due to the significance of the matters described in the Basis of Adverse Opinion paragraph, the aforesaid Standalone Ind AS Financial Statements do not give the information required by the Companies Act, 2013 in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and, except for the effects / possible effects of the matters described in the Basis for Adverse Opinion paragraph above, 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 / possible effects of the matters described in the Basis for Adverse Opinion paragraph above, 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, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) Except for the effects / possible effects of the matter described in the Basis for Adverse Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) The matter described in the Basis for Adverse Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) The adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion paragraph above.
  - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an adverse opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. Except for the effects / possible effects of the matters described in the Basis for Adverse Opinion paragraph above, the Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind As Financial statements;
    - ii. Except for the effects / possible effects of the matters described in the Basis for Adverse Opinion paragraph above, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 35;.

**For V D S R & Co.,**  
Chartered Accountants  
Firm's Registration No.001626S

**Sathish Kumar RK**  
**Partner**  
**Membership No. 220263**

Place: Chennai  
Date : May 18, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the Company has not carried out a physical verification of its fixed assets. The company does not have a regular programme for verification of its fixed assets.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the Memorandum of Entry executed by the Company, in respect of immovable properties of land that have been taken on lease and pledged as security for loans and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. However we have not received any direct confirmations from the lenders in this regard.
- (ii) As explained to us and read with our observation in paragraph (iii) of the Basis for Adverse Opinion paragraph of our report of even date, the inventories at the Raichur and the trading stocks at all locations were not physically weighed / measured during the year by the management. Consequently we are unable to comment on the discrepancies noticed on physical verification of inventories.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has not been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty,

Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities and there were inordinate delays in a number of cases in respect of Provident Fund, Tax deducted at Source, Value Added Tax and Service Tax.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable, other than those disclosed below;

| Name of Statute  | Nature of Dues         | Amount (Lakhs) | Period to which amount relates | Due Date                    | Date of Subsequent payment |
|--|------------------------|----------------|--------------------------------|-----------------------------|----------------------------|
| Employees Provident Fund & Miscellaneous Provision Act, 1952   | Provident Fund         | 34.30          | Before March 31, 2015          | Before March 31, 2015       | Unpaid                     |
|  |                        | 18.35          | October'15 to August 2016      | November 15 to September 16 | Unpaid                     |
| Income Tax Act, 1961   | Tax Deducted at Source | 18.21          | Before March 31, 2016          | Before May 2016             | Unpaid                     |
| Tamilnadu Value Added Tax 2006   | VAT                    | 1,213.03       | Before March 31, 2016          | Before March 2016           | Unpaid                     |
| Finance Act, 1994  | Service Tax            | 67.43          | Before March 31, 2016          | Before March 2016           | Unpaid                     |
|  |                        | 3.22           | April 16 to August 2016        | May 16 to September 2016    | Unpaid                     |
| The Tamil Nadu Town Panchayats, Municipalities and Municipal Corporations (Collection of Arrears of Tax on Profession, Trades, Calling and Employment's) Rules, 1998 | Professional tax       | 0.81           | Before March 2016              | Before March 2016           | Unpaid                     |

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

| Name of Statute                      | Nature of Dues           | Forum where Dispute is Pending                           | Period to which the Amount Relates | Amount Involved (Lakhs) | Amount Unpaid (Lakhs) |
|--------------------------------------|--------------------------|--|------------------------------------|-------------------------|-----------------------|
| Employees' State Insurance Act, 1948 | Employee State Insurance | Honorable High Court of Chennai                          | 2010-11                            | 61.12                   | 61.12                 |
| Central Excise Act, 1944             | Central Excise           | Commissioner of Central Excise, Commissioner II, Chennai | 2006                               | 138.33                  | 138.33                |
| Central Excise Act, 1944             | Central Excise           | Honorable High Court of Chennai                          | 1999-2000                          | 28.69                   | 28.69                 |
| Central Excise Act, 1944             | Central Excise           | Appeal will be filed before CESTAT, Bangalore            | 2013                               | 28.00                   | 28.00                 |
| Central Excise Act, 1944             | Central Excise           | Honorable High Court of Chennai                          | 1997-2000                          | 93.89                   | 93.89                 |
| Central Excise Act, 1944             | Central Excise           | Commissioner of Central Excise, Commissioner II, Chennai | 2010                               | 503.60                  | 503.60                |
| Central Excise Act, 1944             | Central Excise           | Commissioner of Central Excise, Commissioner I, Chennai  | 2010                               | 150.00                  | 150.00                |
| Central Excise Act, 1944             | Central Excise           | CESTAT, Bangalore  | 2011                               | 2,352.66                | 2,352.66              |
| Central Excise Act, 1944             | Customs Duty             | Commissioner ( Appeals)                                  | 2012-13                            | 622.14                  | 622.14                |
| Customs Act, 1962                    | Customs Duty             | Honorable High Court of Chennai                          | 1999-2000                          | 20.86                   | 20.86                 |



|                                  |                   |  |                   |          |        |
|----------------------------------|-------------------|--|-------------------|----------|--------|
| Customs Act, 1962                | Customs Duty      | Honorable High Court of Chennai            | 1998-1999         | 7.82     | 7.82   |
| Customs Act, 1962                | Customs Duty      | Honorable High Court of Chennai            | 2000-03           | 100.00   | 100.00 |
| Customs Act, 1962                | Customs Duty      | Honorable Supreme court                    | 2005-06           | 138.29   | 138.29 |
| Various states ( Sales Tax Acts) | Value Added Tax   | Pending before Sales Tax Tribunal Gulbarga | 2007-08 & 2008-09 | 145.88   | 108.88 |
| Various states ( Sales Tax Acts) | Value Added Tax   | Pending before Sales Tax Tribunal Gulbarga | 2010-11           | 8.58     | 8.58   |
| Various states ( Sales Tax Acts) | Central Sales Tax | Honorable High Court of Chennai            | 2008-09           | 2.09     | 2.35   |
| Various states ( Sales Tax Acts) | Central Sales Tax | Honorable High Court of Chennai            | 2008-09 - VIL     | 12.54    | 19.61  |
| Various states ( Sales Tax Acts) | Central Sales Tax | Honorable High Court of Chennai            | 2009-10           | 227.72   | 226.28 |
| Various states ( Sales Tax Acts) | Central Sales Tax | Honorable High Court of Chennai            | 2010-11           | 238.27   | 91.72  |
| Various states ( Sales Tax Acts) | Central Sales Tax | Honorable High Court of Chennai            | 2005-06           | 89.13    | 88.48  |
| Various states ( Sales Tax Acts) | TNVAT             | Honorable High Court of Chennai            | 2006-07           | 664.35   | 141.53 |
| Various states ( Sales Tax Acts) | TNVAT             | Honorable High Court of Chennai            | 2007-08           | 3,059.54 | 214.91 |
| Various states ( Sales Tax Acts) | TNVAT             | Honorable High Court of Chennai            | 2008-09 - VIL     | 20.79    | 31.19  |

|                                  |   |  |                     |         |         |
|----------------------------------|---|--|---------------------|---------|---------|
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2009-10             | 198.02  | 230.13  |
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2010-11             | 271.17  | 284.54  |
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2011-12             | 29.86   | 59.50   |
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2012-13             | 57.96   | 75.35   |
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2014-15             | 189.50  | 152.92  |
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2009-10             | 2.42    | 3.63    |
| Various states ( Sales Tax Acts) | TNVAT   | Honorable High Court of Chennai  | 2010-11             | 2.66    | 3.98    |
| Central Excise Act, 1944         | CENTRAL EXCISE OIO NO BEL/ EXCUS/000/ COM/ BKK/038/16-17(cx)      | Commissioner of Central Excise , Customs and Service Tax , Belgaum           | May 2011- July 2013 | 1155.61 | 1155.61 |
| Central Excise Act, 1944         | CENTRAL EXCISE OIO NO BEL/ EXCUS/000/ DIVB/JTC/ SKM/021/16-17(cx) | Commissioner of Central Excise , Customs and Service Tax , Belgaum           | 04/2006- 07/2009    | 36.48   | 36.48   |
| Central Excise Act, 1944         | CENTRAL EXCISE OIO NO BEL/ EXCUS/000/ DIVB/ASC/ Dr.A/45/16-17(cx) | Assistant Commissioner of Central Excise , Customs and Service Tax , Bellary | 08/2011- 12/2012    | 1.09    | 1.09    |

|                          |  |  |           |       |       |
|--------------------------|--|--|-----------|-------|-------|
| Central Excise Act, 1944 | CENTRAL<br>EXCISE OIO<br>NO BEL/<br>EXCUS/000/<br>COM/<br>BKK/024/16-<br>17(cx)      | Commissioner<br>of Central<br>Excise ,<br>Customs and<br>Service Tax ,<br>Belgaum              | 2009-10   | 97.54 | 97.54 |
| Central Excise Act, 1944 | CENTRAL<br>EXCISE OIO<br>NO BEL/<br>EXCUS/000/<br>DIVB/ASC/<br>Dr.A/63/16-<br>17(ST) | Assistant<br>Commissioner<br>of Central<br>Excise ,<br>Customs and<br>Service Tax ,<br>Bellary | 2013-2014 | 11.87 | 11.87 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks, except as under.

**Defaulted in the repayment of loans and borrowings to financial institutions, banks:**

**i. Principal portion due: period of default to be bring**

The balances due in respect of principal outstanding as per books of accounts are as below:

| Particulars                          | Amount of default of<br>repayment (Lakhs) | Period of default                     |
|--------------------------------------|---|---------------------------------------|
| <b>Due to Financial Institutions</b> |   |                                       |
| IFCI                                 | 21,121                                    | For FY 2014-15 &<br>2015-16 & 2016-17 |
| <b>Due to Banks</b>                  |   |                                       |
| Allahabad Bank                       | 4773.00                                   | For FY 2015-16 &<br>2016-17           |
| Bank of Baroda                       | 2396.28                                   |                                       |
| Bank of India                        | 4755.00                                   |                                       |
| Bank of Maharashtra                  | 5208.00                                   |                                       |
| Canara Bank                          | 2320.00                                   |                                       |
| Central Bank of India                | 10050.97                                  |                                       |
| Dena Bank                            | 10394.00                                  |                                       |
| IDBI                                 | 17371.72                                  |                                       |
| Indian Overseas Bank                 | 2432.00                                   |                                       |
| Oriental Bank of Commerce            | 7150.93                                   |                                       |
| Punjab National Bank                 | 21717.24                                  |                                       |
| State Bank of India                  | 4638.68                                   |                                       |
| Syndicate Bank                       | 3716.13                                   |                                       |
| UCO Bank                             | 3686.40                                   |                                       |

Note - The balance due in respect of principal outstanding is as per the repayment terms in the Recall Notice given by the lead bank, the Monitoring Institution (IDBI Bank) and the CDR Lenders on 24th March 2014. The above balance also includes devolved Letters of Credit which were outstanding as at March 31, 2017.

**ii. Interest Due**

| Particulars                          | Amount of default of repayment (Lakhs) | Period of default    |
|--------------------------------------|--|----------------------|
| <b>Due to Financial Institutions</b> |  |                      |
| IFCI                                 | 2650.57                                | Refer Note (a) below |
| <b>Due to Banks</b>                  |  |                      |
| Allahabad Bank                       | 5575.55                                | Refer Note (b) below |
| Bank of Baroda                       | 964.98                                 |                      |
| Bank of India                        | 2559.14                                |                      |
| Bank of Maharashtra                  | 3063.54                                |                      |
| Canara Bank                          | 3382.96                                |                      |
| Central Bank of India                | 1775.25                                |                      |
| Dena Bank                            | 7608.65                                |                      |
| IDBI Bank Limited                    | 7986.22                                |                      |
| Indian Overseas Bank                 | 1159.45                                |                      |
| Oriental Bank of Commerce            | 2186.00                                |                      |
| Punjab National Bank                 | 4467.85                                |                      |
| State Bank of India                  | 1212.23                                |                      |
| Syndicate Bank                       | 793.38                                 |                      |
| UCO Bank                             | 601.13                                 |                      |

Note (a) - The interest disclosed above has been computed by the company based on the borrowing rates which prevailed before the signing of MRA

Note (b) - All the consortium banks had classified the account of the Company as a Non Performing Asset (NPA) during the current year and consequently stopped charging interest on the loans extended to the Company. The interest disclosed above for the year ended March 31, 2017 has therefore been computed based on the terms specified in the MRA and has been provided for in the financial statements

- (ix) The Company has not raised moneys by way of initial public offer or further public offer(including debt instruments) or term loans and hence reporting under clause (ix) of the CARO2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the

related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year under review, in compliance of Corporate Debt Restructure (CDR) terms and conditions, equity shares were allotted to promoters, which is preferential allotment. The referred preferential allotment, in our view is not prejudicial to the interest of the Company, as the same is part of Debt restructure terms and conditions.
- (xv) According to the information and explanations given to us, the Company has not entered into noncash transactions with one of the directors/ person connected with the director during the year and in our opinion provisions of Section 192 of the Companies Act, 2013 have been complied with, to the extent applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **V D S R & Co.,**  
Chartered Accountants  
Firm's Registration No.001626S

**Sathish Kumar RK**  
**Partner**  
**Membership No. 220263**

Place: Chennai  
Date : May 18, 2017

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Surana Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Adverse Opinion**

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at March 31, 2017, with respect to the Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the going concern assumption, determination of provisions for diminution in the value of investments and accrual for liability arising out of financial guarantee, evaluation of existence and valuation of inventory and determination of completeness of interest liability to banks and financial institutions and determination of prior period expenses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, to the best of our information and according to the explanations given to us, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2017, and these material weaknesses have affected our opinion on the said Standalone financial statements of the Company and we have issued an adverse opinion on the Standalone financial statements of the Company.

For **V D S R & Co.,**  
Chartered Accountants  
Firm's Registration No.001626S

**Sathish Kumar RK**  
**Partner**  
**Membership No. 220263**

Place: Chennai  
Date : May 18, 2017

## SURANA INDUSTRIES LIMITED

CIN : L27104TN1991PLC020533

## Standalone Balance Sheet as at March 31, 2017, 2016 and April, 2015

Rs. in Lakhs

| Particulars                               | Note | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
|---|------|-------------------------|-------------------------|------------------------|
| <b>ASSETS</b>                             |      |                         |                         |                        |
| <b>Non-current assets</b>                 |      |                         |                         |                        |
| (a) Property, Plant and Equipment         | 3    | 46,427.03               | 57,053.67               | 61,227.64              |
| (b) Capital work in progress              | 3    |                         |                         | 24,927.36              |
| (c) Financial Assets                      |      |                         |                         |                        |
| (i) Investments                           | 4.1  | -                       | 3.09                    | 3.09                   |
| (d) Other non-current assets              | 5    | 6,390.44                | 14,433.91               | 19,574.25              |
| <b>Total Non current assets (A)</b>       |      | <b>52,817.47</b>        | <b>71,490.67</b>        | <b>105,732.34</b>      |
| <b>Current assets</b>                     |      |                         |                         |                        |
| (a) Inventories                           | 6    | 14,878.51               | 16,576.84               | 25,869.43              |
| (b) Financial Assets                      |      |                         |                         |                        |
| (i) Investments                           | 4.2  | 51,198.26               | 53,313.62               | 53,313.62              |
| (ii) Trade receivables                    | 7    | 16,633.98               | 29,131.44               | 33,602.73              |
| (iii) Cash and cash equivalents           | 8    | 19.90                   | 154.44                  | 2,777.52               |
| (iv) Loans                                | 9    | 97.01                   | 6.50                    | 1,034.36               |
| (v) Other Financial Assets                | -    | -                       | -                       | 110.51                 |
| (c) Other current assets                  | 10   | 2,208.59                | 2,172.92                | 2,161.14               |
| <b>Total Current assets (B)</b>           |      | <b>85,036.25</b>        | <b>101,355.77</b>       | <b>118,869.32</b>      |
| <b>Total Assets (A+B)</b>                 |      | <b>137,853.72</b>       | <b>172,846.44</b>       | <b>224,601.66</b>      |
| <b>EQUITY AND LIABILITIES</b>             |      |                         |                         |                        |
| <b>EQUITY</b>                             |      |                         |                         |                        |
| (a) Equity Share capital                  | 11   | 5,091.06                | 4,451.91                | 4,451.91               |
| (b) Other Equity                          | 12   | (47,049.93)             | 10,341.42               | 62,913.63              |
| <b>Total Equity (C)</b>                   |      | <b>(41,958.87)</b>      | <b>14,793.33</b>        | <b>67,365.54</b>       |
| <b>LIABILITIES</b>                        |      |                         |                         |                        |
| <b>Non-current liabilities</b>            |      |                         |                         |                        |
| (a) Financial Liabilities                 |      |                         |                         |                        |
| (i) Borrowings                            | 13   | -                       | 72,217.74               | 85,566.09              |
| (ii) Other financial liabilities          |      | -                       | -                       | 5,877.65               |
| (b) Provisions                            | 14   | 877.29                  | 912.75                  | 8,482.09               |
| <b>Current liabilities</b>                |      |                         |                         |                        |
| (a) Financial Liabilities                 |      |                         |                         |                        |
| (i) Borrowings                            | 15   | 69,232.79               | 49,401.74               | 39,813.39              |
| (ii) Trade payables                       | 16   | 3,196.72                | 3,985.73                | 11,644.39              |
| (iii) Other financial liabilities         | 17   | 98,492.50               | 31,025.30               | 5,461.19               |
| (b) Other current liabilities             | 18   | 618.93                  | 367.14                  | 288.27                 |
| (c) Provisions                            | 19   | 7,394.35                | 142.71                  | 103.05                 |
| <b>Total Liabilities (D)</b>              |      | <b>179,812.59</b>       | <b>158,053.11</b>       | <b>157,236.12</b>      |
| <b>Total Equity and Liabilities (C+D)</b> |      | <b>137,853.72</b>       | <b>172,846.44</b>       | <b>224,601.66</b>      |

The Notes referred to above form an integral part of these Financial Statements

In terms of our report attached

for V D S R &amp; Co.,

Chartered Accountants

(F.R.No. 001626S)

SATHISH KUMAR R.K.

Partner M.No. 220263

Place : Chennai

Date : May 18, 2017

for and on behalf of the Board of Directors

BABU SRINIVASAN

Chairman

DINESHCHAND SURANA

Managing Director

DEVARAJAN K.E.

Group Chief Accounts Officer



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Standalone Statement of Profit and loss for the year ended 31<sup>st</sup> March, 2017 and 2016**

Rs. in Lakhs

| <b>Particulars</b>   | <b>Note</b> | <b>For the Year ended<br/>March 31, 2017</b> | <b>For the Year ended<br/>March 31, 2016</b> |
|--|-------------|--|--|
| <b>Revenue</b>   |             |  |  |
| (a) Revenue from operations (Gross)  | 20          | 6,841.35                                     | 60,276.08                                    |
| (b) Other income   | 21          | 178.24                                       | 470.19                                       |
| <b>Total income [1(a) + (b)]</b>   |             | <b>7,019.59</b>                              | <b>60,746.25</b>                             |
| <b>Expenses</b>  |             |  |  |
| (a) Cost of materials consumed   | 22A         | 1,776.82                                     | 8,298.26                                     |
| (b) Purchases of Stock in trade (Traded goods)                                       | 22B         | 3,728.16                                     | 51,961.64                                    |
| (c) Changes in inventories of finished goods,<br>work in progress and stock-in-trade | 22C         | 6,084.87                                     | 9,669.26                                     |
| (d) Employee benefits expense  | 23          | 515.76                                       | 589.08                                       |
| (e) Finance Costs  | 24          | 26,565.91                                    | 16,150.47                                    |
| (f) Depreciation and amortisation expense  | 3           | 3,978.85                                     | 4,220.12                                     |
| (g) Excise duty  |             | 517.47                                       | 1,792.66                                     |
| (i) Other expenses   | 25          | 13,005.26                                    | 6,554.23                                     |
| <b>Total expenses [ 3(a) to 3(h)]</b>  |             | <b>56,173.10</b>                             | <b>99,235.72</b>                             |
| <b>Profit /Loss before exceptional items and tax[3-4]</b>                            |             | <b>(49,153.51)</b>                           | <b>(38,489.47)</b>                           |
| <b>Exceptional items</b>   | 26          | 11,672.40                                    | 14,082.74                                    |
| <b>Profit/(loss) before tax[5-6]</b>   |             | <b>(60,825.91)</b>                           | <b>(52,572.21)</b>                           |
| <b>Tax expenses</b>  |             |  |  |
| a) Current tax   |             | -  | -  |
| b) Deffered tax  |             | -  | -  |
| <b>Total tax expenses [8(a) to 8(b)]</b>   |             | <b>-</b>                                     | <b>-</b>                                     |
| <b>Net Profit/(loss) for the period [7-8]</b>  |             | <b>(60,825.91)</b>                           | <b>(52,572.21)</b>                           |
| <b>Other Comprehensive income</b>  |             |  |  |
| A (i) Items will not be reclassified to profit or loss                               |             |  |  |
| (ii) Income tax relating to items that will not be classified to profit or loss      |             |  |  |
| B (i) Items will be reclassified to profit or loss                                   |             |  |  |
| (ii) Income tax relating to items that will be classified to profit or loss          |             |  |  |
| <b>Total comprehensive income [9+10]</b>   |             | <b>(60,825.91)</b>                           | <b>(52,572.21)</b>                           |
| <b>Earnings per Share (for continuing operation)- Basic &amp; Diluted</b>            |             |  |  |
| (i) Basic  |             | (119.48)                                     | (118.09)                                     |
| (ii) Diluted   |             | (119.48)                                     | (118.09)                                     |

The Notes referred to above form an integral part of these Financial Statements

**In terms of our report attached**for V D S R & Co.,  
Chartered Accountants  
(F.R.No. 001626S)**SATHISH KUMAR R.K.**  
Partner M.No. 220263Place : Chennai  
Date : May 18, 2017**for and on behalf of the Board of Directors****BABU SRINIVASAN**  
Chairman**DINESHCHAND SURANA**  
Managing Director**DEVARAJAN K.E.**  
Group Chief Accounts Officer

## SURANA INDUSTRIES LIMITED

CIN : L27104TN1991PLC020533

## Standalone Cash Flow Statement for the year ended 31 March, 2017

Rs. in Lakhs

| Particulars   | For the Year Ended<br>31 <sup>st</sup> March 2017 |                    | For the Year Ended<br>31 <sup>st</sup> March 2016 |                    |
|---|---|--------------------|---|--------------------|
|   | Rs.   | Rs.                | Rs.   | Rs.                |
| <b>A. Cash flow from operating activities</b>                           |   |                    |   |                    |
| <b>Loss for the year before exceptional items and tax</b>               |   | <b>(49,153.51)</b> |   | <b>(38,489.45)</b> |
| Add: Exceptional Items  |   |                    |   |                    |
| Interest capitalized relating to CWIP charged off                       |   |                    |   | 7,788.56           |
| Pre-operating expenditure capitalized relating to CWIP charged off      |   |                    |   | 889.78             |
| Inventory relating to CWIP charged off                                  |   |                    |   | 5,234.68           |
| Impairment of expenditure incurred on land relating to CWIP charged off |   | 11,672.40          |   | 7,800.00           |
| Reversal of recompense interest   |   |                    |   | (7,630.28)         |
| <b>Loss for the year before tax and after exceptional item</b>          |   | <b>(60,825.91)</b> |   | <b>(52,572.19)</b> |
| <i>Adjustments for:</i>   |   |                    |   |                    |
| Depreciation expense  | 3,978.85  |                    | 4,220.12  |                    |
| Finance costs   | 26,565.91   |                    | 16,150.47   |                    |
| Interest income   | -   |                    | (53.06)   |                    |
| Dividend income   | -   |                    | (12,000.00)                                       |                    |
| Liabilities no longer required written back                             | (13.89)   |                    | (384.11)  |                    |
| Provision for doubtful trade receivables, loans and advances            | -   |                    | 3,574.41  |                    |
| Trade receivables written off   | 12,127.19   |                    | 68.73   |                    |
| Provision for diminution in value of investments                        | 5,615.36  |                    | -   |                    |
| Provision for contingencies   | -   |                    | 29.49   |                    |
| Profit on sale of asset   | (0.24)  |                    |   |                    |
| Provision for employee benefits   |   |                    | (29.88)   |                    |
| Interest capitalized relating to CWIP charged off                       | -   |                    | 7,788.56  |                    |
| Pre-operating expenditure capitalized relating to CWIP charged off      | -   |                    | 889.78  |                    |
| Impairment of fixed assets  | 6,057.04  |                    |   |                    |
| Loss on fixed assets due to vardah cyclone                              | 21.09   |                    |   |                    |
| Inventory relating to CWIP charged off                                  | -   |                    | 5,234.68  |                    |
| Impairment of expenditure incurred on land relating to CWIP charged off | -   |                    | 7,800.00  |                    |
| Reversal of recompense interest   | -   |                    | (7,630.28)  |                    |
|   |   | 54,351.31          |   | 37,658.77          |
| <b>Operating loss before working capital changes</b>                    |   | <b>(6,474.60)</b>  |   | <b>(14,913.41)</b> |
| <i>Changes in working capital:</i>                                      |   |                    |   |                    |
| <b>Adjustments for (increase) / decrease in operating assets:</b>       |   |                    |   |                    |
| Inventories   | 6,222.03  |                    | 12,330.17   |                    |
| Trade receivables   | 273.25  |                    | 1,202.56  |                    |
| Short term loans and advances   | (29.15)   |                    | 950.54  |                    |
| Long term loans and advances  | (9.63)  |                    | (102.68)  |                    |
|   |   | 6,456.49           |   | 14,380.59          |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Standalone Cash Flow Statement for the year ended 31 March, 2017**

Rs. in Lakhs

| Particulars  | For the Year Ended<br>31 <sup>st</sup> March 2017 |                   | For the Year Ended<br>31 <sup>st</sup> March 2016 |                    |
|--|---|-------------------|---|--------------------|
|  | Rs.   | Rs.               | Rs.   | Rs.                |
| <b>Adjustments for increase / (decrease) in operating liabilities:</b> |   |                   |   |                    |
| Trade payables   | (775.12)  |                   | (7,188.16)  |                    |
| Short Term Provisions  | 6.54  |                   | -   |                    |
| Other current liabilities  | (8,329.68)  |                   | 139.99  |                    |
| Other long term liabilities  |   |                   | (5,877.64)  |                    |
| Long term provisions   | (35.45)   |                   | -   |                    |
|  |   | (9,133.72)        |   | (12,925.81)        |
| <b>Cash generated from operations</b>                                  |   | <b>(9,151.83)</b> |   | <b>(13,458.64)</b> |
| Net income tax paid  |   | 4.41              |   | (15.14)            |
| <b>Net cash flow used in operating activities (A)</b>                  |   | <b>(9,147.41)</b> |   | <b>(13,473.77)</b> |
| <b>B. Cash flow from investing activities</b>                          |   |                   |   |                    |
| Capital expenditure on fixed assets, including capital advances        |   |                   | 5,064.75  |                    |
| Proceeds from sale of fixed assets / Capital Work in Progress          | (10.73)   |                   | -   |                    |
| Purchase of non current investment                                     | 3.09  |                   | -   |                    |
| Movement in Bank deposits (See Note 1 below)                           | 81.32   |                   | 736.48  |                    |
| Realsiation from advances  | 29.40   |                   |   |                    |
| Interest received from banks   |   |                   | 53.06   |                    |
| Dividend received from investments                                     |   |                   | 0.12  |                    |
| <b>Net cash flow from / (used in) investing activities (B)</b>         |   | <b>103.08</b>     |   | <b>5,854.42</b>    |
| <b>C. Cash flow from financing activities</b>                          |   |                   |   |                    |
| Proceeds from long-term borrowings                                     |   |                   | 830.00  |                    |
| Proceeds from other long-term borrowings                               |   |                   | -   |                    |
| Net increase in working capital borrowings                             | 9,012.40  |                   | 9,588.36  |                    |
| Dividend paid  |   |                   | (1.88)  |                    |
| Finance costs (includes borrowing costs capitalised )                  | (21.29)   |                   | (4,681.83)  |                    |
| <b>Net cash flow from financing activities (C)</b>                     |   | <b>8,991.11</b>   |   | <b>5,734.65</b>    |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>  |   | <b>(53.22)</b>    |   | <b>(1,884.71)</b>  |
| Cash and cash equivalents at the beginning of the year                 |   | 66.10             |   | 1,950.81           |
| <b>Cash and cash equivalents at the end of the year</b>                |   | <b>12.88</b>      |   | <b>66.10</b>       |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Standalone Cash Flow Statement for the year ended 31 March, 2017**

Rs. in Lakhs

| Particulars   | For the Year Ended<br>31 <sup>st</sup> March 2017 |              | For the Year Ended<br>31 <sup>st</sup> March 2016 |              |
|---|---|--------------|---|--------------|
|   | Rs.   | Rs.          | Rs.   | Rs.          |
| <b>Notes</b>  |   |              |   |              |
| <b>1. Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>   |   |              |   |              |
| Cash and cash equivalents (Refer Note 9)  | 19.90   |              |   | 154.44       |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer Note 19) | 7.02  |              |   | 88.34        |
| <b>Cash and cash equivalents at the end of the year</b>   |   | <b>12.88</b> |   | <b>66.10</b> |
| <b>2. Disclosure of non cash adjustments:</b>   |   |              |   |              |
| (a) Unsecured long term borrowings adjusted against trade receivables   |   |              |   | -            |
| (b) Unsecured long term borrowings adjusted against trade payable   |   |              |   | -            |
| (c) Unsecured long term borrowings adjusted against other long term liabilities   |   |              |   | -            |
| (d) Long term capital advances adjusted against trade payable   |   |              |   | -            |
| (e) Conversion of interest into borrowings  |   |              |   | 2,476        |
| (f) Conversion of borrowings to capital   | 4,654   |              |   | -            |
| (g) Capitalization of interest  |   |              |   | -            |
| (h) Purchase of investments without payment of consideration in cash  | 3,500   |              |   | -            |
| (i) Transfer of stocks from capital work in progress to inventory (net of provision)                                    |   |              |   | 3,038        |

See accompanying notes forming part of the financial statements

**In terms of our report attached  
for V D S R & Co.,  
Chartered Accountants  
(F.R.No. 001626S)**

for and on behalf of the Board of Directors

**SATHISH KUMAR R.K.  
Partner M.No. 220263**

**BABU SRINIVASAN  
Chairman**

**DINESHCHAND SURANA  
Managing Director**

**DEVARAJAN K.E.  
Group Chief Accounts Officer**

Place : Chennai  
Date : May 18, 2017

## SURANA INDUSTRIES LIMITED

## STANDALONE STATEMENTS OF CHANGES EQUITY

## (a) Equity Share Capital

(Rs. in Lakhs)

|  | As at March 31, 2017 |          | As at March 31, 2016 |          | As at March 31, 2015 |          |
|--|----------------------|----------|----------------------|----------|----------------------|----------|
|  | No. of shares        | Amount   | No. of shares        | Amount   | No. of shares        | Amount   |
| Balance at the beginning of the reporting period Balance | 44,519,067           | 4,451.91 | 44,519,067           | 4,451.91 | 44,519,067           | 4,451.91 |
| Changes in equity share capital during the year          | 6,391,582            | 639.16   | -                    | -        | -                    | -        |
| Balance at the end of the reporting period               | 50,910,649           | 5,091.06 | 44,519,067           | 4,451.91 | 44,519,067           | 4,451.91 |

## (b) Other Capital

Following are the changes in other equity for the year ended 31 March 2017:

(Rs. in Lakhs)

|   | Reserves and surplus |                    |                 |                   | Revaluation Reserve | Total       |
|---|----------------------|--------------------|-----------------|-------------------|---------------------|-------------|
| Particulars   | Capital Reserve      | Securities Premium | General Reserve | Retained Earnings |                     |             |
| <b>BALANCE AS ON 31.03.2016</b>                           | 926.01               | 79,997.12          | 2,843.19        | (74,005.53)       | 580.63              | 10,341.42   |
| Changes for the equity for the year ended 31st March 2017 |                      |                    |                 |                   |                     | -           |
| Shares Issued during the year                             |                      | 4,015.19           |                 |                   |                     | 4,015.19    |
| 6391582 SHARES OF Rs. 10 each (Refer Note 10 (iv))        |                      |                    |                 |                   |                     | -           |
| Reserve utilised during the period                        |                      |                    |                 |                   | (580.63)            | (580.63)    |
| Loss transferred during the year                          |                      |                    |                 | (60,825.91)       |                     | (60,825.91) |
| <b>BALANCE AS ON 31.03.2017</b>                           | 926.01               | 84,012.31          | 2,843.19        | (134,831.44)      | -                   | (47,049.93) |

Following are the changes in other equity for the year ended 31 March 2016 :

(Rs. in Lakhs)

|   | Reserves and surplus |                    |                 |                   | Revaluation Reserve | Total     |
|---|----------------------|--------------------|-----------------|-------------------|---------------------|-----------|
| Particulars   | Capital Reserve      | Securities Premium | General Reserve | Retained Earnings |                     |           |
| <b>BALANCE AS ON 01.04.2015</b>                           | 926.01               | 79,997.12          | 2,843.19        | (21,433.32)       | 580.63              | 62,913.62 |
| Changes for the equity for the year ended 31st March 2016 |                      |                    |                 |                   |                     |           |
| Loss transferred during the year                          |                      |                    |                 | (52,572.21)       |                     |           |
| <b>BALANCE AS ON 31.03.2016</b>                           | 926.01               | 79,997.12          | 2,843.19        | (74,004.53)       | 580.63              | 62,913.62 |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**STANDALONE NOTES FORMING PART OF FINANCIAL STATEMENTS**

**1 Corporate Information**

- 1.1 Surana Industries Limited (“ the Company”) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is into the business of manufacturing and trading of iron and steel products. The Company commenced its manufacturing operations in a modest way from Gummidipoondi. The first plant at Gummidipoondi was established in the year 1995 with a rolling mill of capacity 30,000 MT per annum. This was subsequently expanded to 109800 MT per annum in the year 2002. Subsequently the Company over a period of time built the SURANA brand and also entered into trading of iron and steel products.
- 1.2 During the time of upswing in the steel sector, the Company with an intention to go for supply of value added products (alloy steel) and also backward integration, ventured into the Iron ore rich Karnataka state and commenced the project of Integrated Steel Plant. The integrated steel complex consisting of Sponge Iron Plant, Steel Melt Shop and Rolling Mill was envisaged to be set up in the year 2007-08. Subsequently the Sponge Iron Plant was first operationalised in 2008 with an installed capacity of 128000 MT per annum. Thereafter, the Steel Melt Shop was commissioned in the Year 2009 with an installed capacity of 225000 MT per annum and the Trial Run for the Rolling Mill of capacity 300000 MT per annum was completed in the year 2011
- 1.3 During 2009-10, the Company also wanted to upgrade the entire Steel Plant Complex and set up Blast Furnace to venture into alloy steel market with an Installed Capacity of 1 Million MT per annum. For this purpose, 280 Acres of land was also envisaged to be purchased from KIADB for which advances were paid to land owners as well as KIADB and the process of First Notification was completed. However, since the project was capital intensive, the Company opted to install the project in phases. On account of this and with an intention of further backward integration, the Company opted for the project of 1.3 million ton per annum beneficiation plant and 1.2 Million ton per annum pelletisation plant in Phase-1 in the year 2009-10.
- 1.4 Owing to the number of factors such as non availability of raw materials due to ban on mining imposed by the Supreme Court, depreciation in rupee, power curtailment, high interest burden, labour agitation and delay in time and cost overrun of its projects, the Raichur plant of the Company has not been operated since April 2013 and the water and electricity connection have been severed by the service providers. The Company had approached the lead bank (IDBI Bank) for a Corporate Debt Restructuring (“CDR”) Proposal which was approved by the CDR Empowered Group (“CDR EG”) on 7th March 2014 and the Letter of Approval issued on 13th March 2014. The Master Restructuring Agreement (“MRA”) between the Company, the Monitoring Institution (IDBI Bank) and the CDRLenders was executed on 24th March 2014, effective 1st June 2013.
- 1.5 As part of the restructuring exercise, the Company has also planned to divest its non core assets and its subsidiaries (Surana Power Limited, Surana Green Power Limited, Surana Mines and Mineral Limited) to raise finances. The Company is into advanced negotiations with prospective buyers for divestment of these subsidiaries in the near future. During the year SGEL , a step down subsidiary of SGPL has entered into agreement for sale of its 7 windmills and has also received the advance amount for the said sale. The said sale proceeds has been utilised for repaying the books of SBI , which had financed for the same.
- 1.6 The Raichur Integrated Steel Plant was not operational during the entire year 2016-17 due to paucity of working capital. Even after the company complying with the various terms of Corporate

Debt Restructuring (CDR), the lenders could not consider the release of assessed working capital limits for FY 2014-15 and for FY 2015-16. The Company has proposed to the consortium to restart the DRI Plant at Raichur (part of Integrated Steel Plant) with the help of extended credit from suppliers on the basis of “holding on operations”. Meanwhile the company has appointed an advisory to revive the operation of the company and to bring the current debts to sustainable levels by negotiating with the consortium of lenders.

- 1.7 In view of the continuing adverse market conditions and consequential economic impact on the Steel Industry and the resultant impact of lenders not sanctioning the project loan, it has been decided to shelve the Pelletisation and Beneficiation Project at Raichur. Despite shelving this project, based on the Techno Economic Viability (TEV) Study of Raichur plant on a stand alone basis, conducted by an independent agency, the Company is of the view that the project is sustainable with right product mix of alloy steel and other fast moving iron and steel products
- 1.8 As per CDR package, the loan instalments were due for repayment from September 2015. The Company had sought extension for repayment of loan from the lenders and Corporate Debt-Restructuring – Empowered Group (CDR-EG) as a result of inadequate cash flows, which was not granted. Subsequently, the efforts of the lenders to undertake Strategic Debt Restructuring (SDR) by converting a portion of their loan into equity could not fructify and accordingly the Company was instructed to identify investors
- 1.9 The consortium of lenders in its JLM dated 27.09.2016 decided to exit CDR and accordingly , CDR scheme was exited by lenders and the same was communicated on 03.11.2016 . Also the consortium has initiated action under SARFAESI Act , on 25.01.2017

#### 1.10 Going Concern

The financial statements have been prepared on a going concern basis on account of the following:

Company could not comply with debt repayment schedule as embedded in the CDR package for want of non release of sufficient working capital funding by the lenders as per the package. Consequently, the company was not in a position to restart its operations in raichur in time and could not adhere to the debt repayment schedule. However, the negotiations with concerned parties are on for restarting the operations of Raichur Plant and further, the Operational capabilities of the Gummidipoondi Plant have been improving over the past years. Accordingly, the company is of the opinion that the assumption of going concern is appropriate.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) read with Rule 3 of Companies (Indian Accounting Standards) Rules , 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company has adopted all the IND AS standards and adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards.

## 2.2 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

## 2.3 Cash Flow Statement

Cash flows are reported using the indirect method, whereby loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### **Cash and Cash Equivalents ( for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.4 Property, Plant and Equipment

An item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of profit and loss.

Subsequent to implementation of Ind AS as required under Ind AS 101 - First Time Adoption of Indian Accounting Standards, the plant & equipments have been valued by Independent Technical experts. Accordingly, the value of these assets have been adopted based on the valuation report of the Independent Technical experts.

## 2.5 Capital work-in-progress

Projects under which tangible assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

## 2.6 Depreciation

Depreciation or amortisation is provided so as to write off, on a straight line basis as per the useful life prescribed in Schedule II to the Companies Act, 2013., the cost of property, plant and equipment



and other intangible assets, including those held under finance leases to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. Depreciation on assets under construction commences only when the assets are ready for their intended use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease.

## **2.7 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

## **2.8 Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Stores and spare parts are carried at lower of cost and net realisable value. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their product lines and market conditions.

## **2.9 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

### **(a) Financial assets**

#### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows

and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

#### **Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income

#### **De-recognition of financial assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

#### **(b) Financial liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

#### **De-recognition of financial liabilities**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire

### **2.10 Provisions, Contingent liabilities and Contingent assets**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

#### **Revenue Recognition**

### **2.11 Sale of Goods**

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

**2.12 Other Income**

Interest income is accounted on accrual basis. Dividend Income is accounted for when the right to receive it is established.

**2.13 Foreign currency transactions and translations**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

**2.14 Employee Benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

**i) Defined Contribution Plan**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**ii) Defined Benefit Plan**

The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of actuarial valuation based on Projected Unit Credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight- line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to past service cost.

**iii) Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**iv) Long Term Employee Benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**2.15 Borrowing Cost**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**2.16 Segment Reporting**

The company is engaged in a single business segment ie., dealing with iron and steel products primarily in one geographical segment..

**2.17 Earning per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**2.18 Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable

income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

## **2.19 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

## **2.20 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

## **2.21 First time adoption of Ind AS**

The company has adopted Ind AS notified under Companies (Indian Accounting Standards) Rules 2015, as amended by the companies( Indian Accounting Standards)(Amendment) Rules 2016. This is the first year of adoption of Ind AS. Accordingly , necessary provisions on the recognition of financial assets and financial liabilities have been fully recognised and are represented at its fair market value.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### **A Ind AS optional exemptions**

#### **1 Deemed cost for property, plant and equipment, investment property and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure some of its property, plant and equipment, and investment property at their previous GAAP carrying value.

#### **2 Investment in subsidiaries and associates**

Ind AS 101 allows a Company to measure investments in subsidiaries and associates at the deemed cost. The Company has considered the carrying amount as at the previous reporting date as the deemed cost.

## **2.22 Reconciliations**

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

| <b>Reconciliation of Equity as previously reported under IGAAP and Ind As</b> <span style="float: right;">(in Rs.lakhs)</span> |  |  |                   |  |  |                   |
|--|--|--|-------------------|--|--|-------------------|
| <b>PARTICULARS</b>   | <b>Opening balance sheet as at April 1<sup>st</sup> 2015</b> |  |                   | <b>Balance sheet as at 31 March 2016</b> |  |                   |
|  | <b>IGAAP</b>   | <b>Effects of transition to Ind - AS</b> | <b>IND AS</b>     | <b>IGAAP</b>                             | <b>Effects of transition to Ind - AS</b> | <b>IND AS</b>     |
| <b>ASSETS</b>  |  |  |                   |  |  |                   |
| <b>Non-current assets</b>  |  |  |                   |  |  |                   |
| (a) Property, Plant and Equipment  | 61,227.64  | -  | 61,227.64         | 57,053.67                                | -  | 57,053.67         |
| (b) Capital work in progress   | 24,927.36  | -  | 24,927.36         | -  | -  | -                 |
| (c) Financial Assets   |  |  |                   |  |  |                   |
| (i) Investments  | 3.09   | -  | 3.09              | 3.09                                     | -  | 3.09              |
| (ii) Trade receivables   | -  | -  | -                 | -  | -  | -                 |
| (iii) Loans  | -  | -  | -                 | 14,433.91                                |  | 14,433.91         |
| (d) Other non-current assets   | 19,574.25  |  | 19,574.25         |  | -  | -                 |
| Total Non Current Assets (A)   | 105,732.34   |  | 105,732.34        | 71,490.67                                |  | 71,490.67         |
| <b>Current assets</b>  |  |  | -                 |  |  |                   |
| (a) Inventories  | 25,869.43  | -  | 25,869.43         | 16,576.84                                | -  | 16,576.84         |
| (b) Financial Assets   |  |  | -                 |  |  |                   |
| (i) Investments  | 53,313.62  | -  | 53,313.62         | 53,313.62                                | -  | 53,313.62         |
| (ii) Trade receivables   | 33,602.73  | -  | 33,602.73         | 29,131.44                                | -  | 29,131.44         |
| (iii) Cash and cash equivalents  | 2,777.52   | -  | 2,777.52          | 154.44                                   | -  | 154.44            |
| (iv) Loans   | 1,034.36   | -  | 1,034.36          | 6.50                                     | -  | 6.50              |
| (c) Other current assets   | 2,161.14   |  | 2,161.14          | 2,172.92                                 |  | 2,172.92          |
| Total Current Assets (B)   | 118,758.81   |  | 118,758.81        | 101,355.77                               |  | 101,355.77        |
| <b>Total Assets</b>  | <b>224,491.15</b>  |  | <b>224,491.15</b> | <b>172,846.44</b>                        |  | <b>172,846.44</b> |
| <b>EQUITY AND LIABILITIES</b>  |  |  |                   |  |  |                   |
| <b>Equity</b>  |  |  |                   |  |  |                   |
| (a) Equity Share capital   | 4,451.91   | -  | 4,451.91          | 4,451.91                                 | -  | 4,451.91          |
| (b) Other Equity   | 62,913.63  |  | 62,913.63         | 14,793.33                                |  | 14,793.33         |
| Total Equity (A)   | 67,365.54  | -  | 67,365.54         | 14,793.33                                | -  | 14,793.33         |
| <b>LIABILITIES</b>   |  |  | -                 |  |  |                   |
| <b>Non-current liabilities</b>   |  |  | -                 |  |  |                   |
| (a) Financial Liabilities  |  |  | -                 |  |  |                   |
| (i) Borrowings   | 85,566.09  | -  | 85,566.09         | 72,217.74                                | -  | 72,217.74         |
| (ii) Other financial liabilities   | 5,877.65   | -  | 5,877.65          | -  | -  | -                 |
| (b) Provisions   | 8,482.09   | -  | 8,482.09          | 912.75                                   | -  | 912.75            |
| <b>Current liabilities</b>   |  |  | -                 |  |  |                   |
| (a) Financial Liabilities  |  |  | -                 |  |  |                   |
| (i) Borrowings   | 39,813.39  | -  | 39,813.39         | 49,401.74                                | -  | 49,401.74         |
| (ii) Trade payables  | 11,644.39  | -  | 11,644.39         | 3,985.73                                 | -  | 3,985.73          |

|                                     |                   |   |                   |                   |   |                   |
|-------------------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
| (iii) Other financial liabilities   | 5,461.19          | - | 5,461.19          | 31,025.30         | - | 31,025.30         |
| (b) Provisions                      | 288.27            | - | 288.27            | 367.14            | - | 367.14            |
| (c) Other current liabilities       | 103.05            |   | 103.05            | 142.71            |   | 142.71            |
| Total Liabilities (B)               | 157,236.12        |   | 157,236.12        | 158,053.11        |   | 158,053.11        |
| <b>Total Equity and Liabilities</b> | <b>224,601.66</b> |   | <b>224,601.66</b> | <b>172,846.44</b> |   | <b>172,846.44</b> |

**Reconciliation of Equity as previously reported under IGAAP and Ind AS (in Rs.lakhs)**

| PARTICULARS   | Year ended 31 March 2016 |                                   |                  |
|---|--------------------------|-----------------------------------|------------------|
|   | IGAAP                    | Effects of transition to Ind - AS | IND AS           |
| <b>Revenue</b>  |                          |                                   |                  |
| (a) Revenue from operations (Gross)   | 60,276.08                | -                                 | 60,276.08        |
| (b) Other income  | 470.17                   |                                   | 470.17           |
| <b>Total income (a) + (b)</b>   | <b>60,746.24</b>         | <b>-</b>                          | <b>60,746.24</b> |
| <b>Expenses</b>   |                          |                                   | -                |
| (a) Cost of materials consumed  | 8,298.26                 | -                                 | 8,298.26         |
| (b) Purchases of Stock in trade (Traded goods)                                    | 51,961.64                | -                                 | 51,961.64        |
| (c) Changes in inventories of finished goods, work in progress and stock-in-trade | 9,669.26                 | -                                 | 9,669.26         |
| (d) Employee benefits expense   | 589.08                   | -                                 | 589.08           |
| (e) Finance Cost  | 16,150.47                | -                                 | 16,150.47        |
| (f) Depreciation and amortisation   | 4,220.12                 | -                                 | 4,220.12         |
| (g) Excise duty   | 1,792.66                 | -                                 | 1,792.66         |
| (h) Other expenses  | 6,554.23                 | -                                 | 6,554.23         |
| Total expenses (a) to (h)   | 99,235.72                | -                                 | 99,235.72        |
| Profit /Loss before exceptional items and tax                                     | (38,489.48)              | -                                 | (38,489.48)      |
| Exceptional items   | 14,082.74                | -                                 | 14,082.74        |
| Profit/(loss) before tax  | (52,572.22)              | -                                 | (52,572.22)      |
| Tax expenses  |                          |                                   | -                |
| a) Current tax  | -                        |                                   | -                |
| b) Deferred tax   | -                        |                                   | -                |
| Total tax expenses [8(a) to 8(b)]   | -                        |                                   | -                |
| Net Profit/(loss) for the period [7-8]  | (52,572.22)              | -                                 | (52,572.22)      |
| Other Comprehensive income  | -                        | -                                 | -                |
| A (i) Items will not be reclassified to profit or loss                            | -                        | -                                 | -                |
| (ii) Income tax relating to items that will not be classified to profit or loss   | -                        | -                                 | -                |
| B (i) Items will be reclassified to profit or loss                                | -                        | -                                 | -                |
| (ii) Income tax relating to items that will be classified to profit or loss       | -                        | -                                 | -                |
| Total comprehensive income [9+10]   | -                        | -                                 | -                |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

| <b>PROPERTY PLANT AND EQUIPMENT</b>                  |  | <b>Freehold Land - Refer note (i) below</b> | <b>Leasehold Land - Refer note (ii) below</b> | <b>Buildings - Refer note (iii) below</b> | <b>Plant and equipment</b> | <b>Furniture and fixtures</b> | <b>Vehicles</b> | <b>Computers</b> | <b>Rs. in Lakhs</b> |
|--|--|---|---|---|----------------------------|-------------------------------|-----------------|------------------|---------------------|
|  |  |   |   |   |                            |                               |                 |                  | <b>Total</b>        |
| <b>Cost/Deemed cost as at April 1, 2016</b>          |  | <b>8,086.35</b>                             | <b>116.34</b>                                 | <b>14,002.18</b>                          | <b>71,078.04</b>           | <b>88.34</b>                  | <b>244.69</b>   | <b>241.20</b>    | <b>93,857.14</b>    |
| Additions  |  | -   | -   | -   | 8.12                       | -                             | -               | 3.27             | 11.39               |
| Disposals  |  | -   | -   | -   | -                          | -                             | 2.52            | -                | 2.52                |
| Adjustments on account of revaluation                |  |   |   |   | 864.31                     |                               |                 |                  | 864.31              |
| <b>Cost /Deemed cost as at March 31, 2017</b>        |  | <b>8,086.35</b>                             | <b>116.34</b>                                 | <b>14,002.18</b>                          | <b>71,950.47</b>           | <b>88.34</b>                  | <b>242.17</b>   | <b>244.47</b>    | <b>94,730.32</b>    |
| <b>Accumulated Impairment as at April 1, 2016</b>    |  | <b>7,800.00</b>                             |   |   |                            |                               |                 |                  | <b>7,800.00</b>     |
| Charge for the year                                  |  |   |   |   | 7,454.49                   |                               | 21.89           | 25.61            | 7,501.99            |
| Other reclassifications                              |  |   |   |   |                            |                               |                 |                  | -                   |
| <b>Accumulated Impairment as at March 31, 2017</b>   |  | <b>7,800.00</b>                             | -   | -   | <b>7,454.49</b>            | -                             | <b>21.89</b>    | <b>25.61</b>     | <b>15,301.99</b>    |
| <b>Accumulated Depreciation as at April 1, 2016</b>  |  | -   | <b>22.57</b>                                  | <b>3,397.13</b>                           | <b>25,109.41</b>           | <b>43.94</b>                  | <b>214.86</b>   | <b>215.58</b>    | <b>29,003.49</b>    |
| Charge for the year                                  |  | -   | 1.84  | 508.70                                    | 3,454.86                   | 10.87                         | 2.18            | 0.40             | 3,978.85            |
| Loss on account of Vardha                            |  |   |   | 7.19                                      | 13.90                      |                               |                 |                  | 21.09               |
| Disposals  |  |   |   |   |                            |                               | 2.11            |                  | 2.11                |
| <b>Accumulated depreciation as at March 31, 2017</b> |  | -   | <b>24.41</b>                                  | <b>3,913.01</b>                           | <b>28,578.17</b>           | <b>54.81</b>                  | <b>214.93</b>   | <b>215.98</b>    | <b>33,001.31</b>    |
| <b>Net carrying value as at April 1, 2016</b>        |  | <b>286.35</b>                               | <b>93.77</b>                                  | <b>10,605.06</b>                          | <b>45,968.64</b>           | <b>44.40</b>                  | <b>29.83</b>    | <b>25.62</b>     | <b>57,053.67</b>    |
| <b>Net carrying value as at March 31, 2017</b>       |  | <b>286.35</b>                               | <b>91.93</b>                                  | <b>10,089.17</b>                          | <b>35,917.82</b>           | <b>33.53</b>                  | <b>5.35</b>     | <b>2.88</b>      | <b>46,427.03</b>    |
| <b>Capital work in progress as at March 31, 2016</b> |  |   |   |   |                            |                               |                 |                  | -                   |
| <b>Capital work in progress as at March 31, 2017</b> |  |   |   |   |                            |                               |                 |                  | -                   |
| <b>Cost/Deemed cost as at April 1, 2015</b>          |  | <b>286.35</b>                               | <b>116.34</b>                                 | <b>14,002.18</b>                          | <b>71,032.52</b>           | <b>88.34</b>                  | <b>244.08</b>   | <b>241.20</b>    | <b>86,011.01</b>    |
| Additions  |  | 7,800.00                                    |   |   | 45.52                      |                               | 0.61            |                  | 7,846.13            |
| Disposals  |  |   |   |   |                            |                               |                 |                  | -                   |
| <b>Cost /Deemed cost as at March 31, 2016</b>        |  | <b>8,086.35</b>                             | <b>116.34</b>                                 | <b>14,002.18</b>                          | <b>71,078.04</b>           | <b>88.34</b>                  | <b>244.69</b>   | <b>241.20</b>    | <b>93,857.14</b>    |
| <b>Accumulated Impairment as at April 1, 2015</b>    |  |   |   |   |                            |                               |                 |                  | -                   |
| Charge for the year                                  |  | 7,800.00                                    |   |   |                            |                               |                 |                  | 7,800.00            |
| Other reclassifications                              |  |   |   |   |                            |                               |                 |                  | -                   |
| <b>Accumulated Impairment as at March 31, 2016</b>   |  | <b>7,800.00</b>                             | -   | -   | -                          | -                             | -               | -                | <b>7,800.00</b>     |
| <b>Accumulated Depreciation as at April 1, 2015</b>  |  | -   | <b>20.73</b>                                  | <b>2,906.53</b>                           | <b>21,440.95</b>           | <b>33.52</b>                  | <b>169.14</b>   | <b>212.48</b>    | <b>24,783.35</b>    |
| Charge for the year                                  |  | -   | 1.84  | 490.59                                    | 3,668.45                   | 10.42                         | 45.72           | 3.10             | 4,220.12            |
| Disposals  |  |   |   |   |                            |                               |                 |                  | -                   |



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

| PROPERTY PLANT AND EQUIPMENT                  |                                      |  |                                    |                     |                        |          | Rs. in Lakhs |           |
|---|--------------------------------------|--|------------------------------------|---------------------|------------------------|----------|--------------|-----------|
|   | Freehold Land - Refer note (i) below | Leasehold Land - Refer note (ii) below | Buildings - Refer note (iii) below | Plant and equipment | Furniture and fixtures | Vehicles | Computers    | Total     |
| Accumulated depreciation as at March 31, 2016 | -                                    | 22.57                                  | 3,397.13                           | 25,109.41           | 43.94                  | 214.86   | 215.58       | 29,003.49 |
| Net carrying value as at April 1, 2015        | 286.35                               | 95.61                                  | 11,095.65                          | 49,591.57           | 54.82                  | 74.94    | 28.72        | 61,227.66 |
| Net carrying value as at March 31, 2016       | 286.35                               | 93.77                                  | 10,605.06                          | 45,968.64           | 44.40                  | 29.83    | 25.62        | 57,053.67 |
| Capital work in progress as at April 1, 2015  |                                      |  |                                    |                     |                        |          |              | 24,927.36 |
| Capital work in progress as at March 31, 2016 |                                      |  |                                    |                     |                        |          |              | -         |

**Notes:**

- Freehold land represents land at Raichur purchased from Karnataka Industrial Area Development Board for which title is yet to be transferred to the Company even though all the covenants for transfer of ownership has been fully complied with.
- Represents land at Gummidipoondi taken on lease from SIPCOT for a period of 99 years
- Building includes superstructures constructed on land owned by the company and on leasehold land
- The company has adopted Ind AS notified under Companies (Indian Accounting Standards) Rules 2015, as amended by the companies (Indian Accounting Standards) (Amendment) Rules 2016 being mandatory requirement under Ind AS 101 - First Time Adoption of Indian Accounting Standards. Accordingly, the Plant & equipment has been valued by an Independent Technical Expert and the same has been adopted by the company. Pursuant to the adoption of Ind AS as required by Ind AS 101 - First Time Adoption of Indian Accounting Standards, the Plant and Equipment are depreciated and Impaired based on the valuation by Independent Technical expert. Impairment loss for the year Rs. 7501.99 debited to profit & loss account after adjusting accumulated revaluation reserve of Rs. 1444.94 lakhs amounts to Rs. 6057.04 lakhs. The depreciation expense is lower by Rs. 202.53 lakhs consequent to adoption of Ind AS.
- During the year, the company incurred a loss of Rs. 21.06 lakhs damaged caused due to varadach cyclone. The heavy wind & water intruded inside the factory have damaged company's assets which became beyond repairs. The company claim with insurance company for loss incurred is under process with insurer.
- Capital work in progress represents the expenditure incurred on Pelletisation and Benefication ("P&B") project at Raichur which has been shelved. Consequently, the following expenditure has been charged off to the Statement of Profit and Loss and disclosed as an Exceptional Item (Refer Note 24) during the year 2015-16:
  - interest capitalized on the said project amounting to Rs.7788.56 lakhs;
  - pre-operative expenditure amounting to Rs. 889.78 lakhs;
  - Land development cost amounting to Rs. 7799.99 lakhs has been impaired during the year ended March 31, 2016 as per Ind AS 36 on Impairment of Assets; and
  - Inventory (net of provision of Rs. 5234.68 lakhs which has been disclosed as an Exceptional Item) was transferred to inventory from capital work in progress to stock in trade.
- Refer to Note 13 for security and charge on fixed assets

## SURANA INDUSTRIES LIMITED

CIN : L27104TN1991PLC020533

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## NOTE 4.1 Non Current Investments

(Rs.in lakhs)

| Particulars   | As at 31 <sup>st</sup> March 2017 |          |       | As at 31 <sup>st</sup> March 2016 |          |             | As at 31 <sup>st</sup> March 2015 |                |                |
|---|-----------------------------------|----------|-------|-----------------------------------|----------|-------------|-----------------------------------|----------------|----------------|
|   | Quoted                            | Unquoted | Total | Quoted                            | Unquoted | Total       | Quoted                            | Unquoted       | Total          |
|   | Rs.                               | Rs.      | Rs.   | Rs.                               | Rs.      | Rs.         | Rs.                               | Rs.            | Rs.            |
| <b>Investments at amortized cost</b>  |                                   |          |       |                                   |          |             |                                   |                |                |
| (i) Investment in equity instrument   |                                   |          |       |                                   |          |             |                                   |                |                |
| <b>(a) Subsidiaries</b>   |                                   |          |       |                                   |          |             |                                   |                |                |
| 5,201 (5,201) equity shares of S \$ 1 each fully paid up in Surana Holding PTE Ltd        | -                                 | -        | -     | -                                 | -        | -           | -                                 | 2.89           | 2.89           |
| Less: Provision for diminution in value of investments                                    | -                                 | -        | -     | -                                 | -        | -           | -                                 | 2.89<br>(2.89) | 2.89<br>(2.89) |
| <b>(b) Other Entities</b>   |                                   |          |       |                                   |          |             |                                   |                |                |
| (a) 13,333 (13,333) equity shares of Rs.10 each fully paid up in PNB Gilts Ltd.           | -                                 | -        | -     | 3.00                              | -        | 3.00        | 3.00                              | -              | 3.00           |
| (b) 1,500 (1500) equity shares of Rs. 10 each fully paid up in Punjab National Bank (PNB) | -                                 | -        | -     | 0.09                              | -        | 0.09        | 0.09                              | -              | 0.09           |
| <b>Total - Non Trade</b>  | -                                 | -        | -     | <b>3.09</b>                       | -        | <b>3.09</b> | <b>3.09</b>                       | -              | <b>3.09</b>    |

(Refer Notes (i) to (iii) below)

## NOTE 4.2 Current Investments

**As at 31st March 2016**

As at 31st March 2017(Refer) Notes (in) Value) devoted Investment

During the year, the company has transferred 13333 PNB Glits Ltd Shares and 1500 PNB shares as part of settlement of dues.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS****(B) Aggregate amount of unquoted investments in subsidiaries**

| <b>Description</b>                | <b>No. of Shares</b> | <b>As at March<br/>31, 2017<br/>(Rs.in lakhs)</b> | <b>No. of Shares</b> | <b>As at March<br/>31, 2016<br/>(Rs.in lakhs)</b> | <b>No. of Shares</b> | <b>As at March<br/>31, 2015<br/>(Rs.in lakhs)</b> |
|-----------------------------------|----------------------|---|----------------------|---|----------------------|---|
| Surana Power Limited              | 345,149,200          | 45,350.00   | 336649200            | 41,850  | 336,649,200          | 41850   |
| Surana Green Power Limited        | 56,153,000           | 5,615.36  | 56153000             | 5,615   | 56,153,000           | 5615.36   |
| Surana Mines and Minerals Limited | 16,072,526           | 5,848.26  | 16072526             | 5,848   | 16,072,526           | 5848.2643   |

ii) The Board had, in the previous year, approved divestment of all of its subsidiaries namely Surana Power Ltd (SPL), Surana Green Power Ltd (SGPL) and Surana Mines and Minerals Ltd (SMML) due to continuing adverse market scenario which is impacting the survival of the parent company itself, hence this decision is approved by the Board to monetize the non-core investments and focus on revival of the main business operations in Steel where we have the core competencies. The company is in the process of identifying the prospective buyers for SMML.

iii) During the year Surana Green Energy Limited (SGEL), a step down subsidiary of SGPL has entered into agreement for sale of its 7 windmills and has also received the advance amount for the said sale. The said sale proceeds has been utilised for repaying the books of SBI, which had financed for the same. Since the assets have been identified for sale and advance has been received for the same, the investments in these subsidiaries have been fully provided for.

iv) In view of the ongoing negotiations with the prospective buyers and the lenders and also considering the expected realizable value of the assets the Company will be able to realize the carrying value of the said investments in SMML.

v) With respect to Surana Power Limited (SPL), a subsidiary:

a. The 2x210MW Thermal power project under implementation at Raichur in the Subsidiary namely Surana Power Ltd. (SPL) has been stalled since March'2013 due to withdrawal of financial commitment by some of the lenders and consequential effect thereof on private equity tie-up. Efforts were made to complete the project by re-allocation of the shortfall in debt by the lead bank IDBI Bank Limited. to other consortium lenders including cost overrun of Rs. 690 Crores due to shift in the Cut Off Date by two years but majority of the lenders were not successful in providing the revised debt sanctions. In view thereof, the Board of Directors have decided and approved for disinvestment of this project in SPL during the financial year 2014-15. This has been appraised to all the consortium lenders of both the entities and CDR-EG in the joint lenders meeting (JLM) of SIL held on 13th April'2015 as also in the JLM of SPL held on 8th May'2015. Subsequently the lead bank on behalf of the consortium on 21st December 2015 has taken possession of the Project Assets under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI"). Efforts for identifying the suitable buyer will be undertaken by the lead bank.

b. The 35 MW coal fired power plant of SPL meant for the captive power consumption of the integrated steel plant of the Company at Raichur, which is shut down for the past two years due to labour and working capital issues. UCO Bank has issued a notice under The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI") for the various assets pertaining to this plant.

c. Further the Company has also given a guarantee in favour of the lenders of the subsidiary company amounting to Rs. 100 crores. However, based on the preliminary negotiations with prospective buyers, the company currently is of the opinion that actual realizable value of the current assets of the subsidiary company will be sufficient to discharge its current liabilities. Consequently, the company does not envisage any prospective devolvement of liability on account of revocation of guarantee. Accordingly, the company has not made any provision in this regard.

d. In view of the ongoing negotiations with the prospective buyers and the lenders and also considering the expected realizable value of the assets the Company will be able to realize the carrying value of the said investment.

e. Also refer to Note 5.

vi) Also refer to Note 13 for the details of shares pledged.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

Rs. in Lakhs

| <b>NOTE 5 Other non current assets Particulars</b> |   |   |  |
|--|---|---|--|
|  | <b>As at 31<sup>st</sup> March 2017</b> | <b>As at 31<sup>st</sup> March 2016</b> | <b>As at 1<sup>st</sup> April 2015</b> |
| Capital Advances                                   |   |   |  |
| Unsecured, considered good (Refer Note below)      | 6,170.88                                | 14,223.98                               | 19,198.16                              |
| Unsecured, considered doubtful                     |   | 40.04                                   |  |
| Less: Provision for doubtful advances              | -                                       | (40.04)                                 | -                                      |
| Other than Capital Advances                        | 6,170.88                                | 14,223.98                               | 19,198.16                              |
| Secured, considered good                           | 105.23                                  | 95.39                                   | 261.55                                 |
| Considered Doubtdul                                | 2.31                                    | 268.84                                  |  |
| Less: Provision for doubtful                       | (2.31)                                  | (268.84)                                |  |
| Disputed Sales tax amount deposited under protest  | 105.23<br>114.33                        | 95.39<br>114.54                         | 261.55<br>114.54                       |
| Unpaid dividend                                    |   |   |  |
| Earmarked balances with Banks                      |   |   |  |
|  | <b>6,390.44</b>                         | <b>14,433.91</b>                        | <b>19,574.25</b>                       |

**Note:**

Capital advance includes an amount paid towards construction of the P&B project of Rs. 4142.95 lakhs (As at March 31, 2016: Rs. 12196.04 lakhs ; April 1 2015 - Rs. 18775.85 lakhs). The company has entered into a MoU dated 31st March 2015 with the EPC Contractor VINAYAGA INFRA LIMITED (VIL )for recovering the advances. Based on the MoU, the company has collateralized the said dues by shares of the company held by them as investment, land banks and factory buildings as a security for repayment. The company during the year has recovered a total sum of Rs. 8053 lakhs that includes 8,500,000 shares of Surana Power Limited for a consideration of Rs.3500 lakhs and stock amounting to Rs. 4523.70 lakhs that was held as collateral under the MOU. As the recovery from the party have been faster than anticipated and the advance being collateralized, the company is confident of recovering the balance amount in full and accordingly no provision has been considered necessary in this regard.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

Rs. in Lakhs

| <b>Note 6 Inventories</b>                              |   |   |  |
|--|---|---|--|
| <b>Particulars</b>                                     | <b>As at 31<sup>st</sup> March 2017</b> | <b>As at 31<sup>st</sup> March 2016</b> | <b>As at 1<sup>st</sup> April 2015</b> |
|  | <b>Rs.</b>                              | <b>Rs.</b>                              | <b>Rs.</b>                             |
| Raw materials  | 2.49                                    | 6,277.91                                | 9,636.05                               |
| Less: Stock of coal transferred to Stock-in-trade      | -                                       | (6,075.94)                              | (7,023.31)                             |
|  | <b>2.49</b>                             | <b>201.97</b>                           | <b>2,612.74</b>                        |
| Finished goods (other than those acquired for trading) | 84.16                                   | 668.17                                  | 1,856.67                               |
| Stock-in-trade (acquired for trading)                  | 3,651.90                                | 39.24                                   | 7,572.63                               |
| Add: Trading stock transferred from CWIP to Inventory  | -                                       | 3,037.60                                | -                                      |
| Add: Stock of coal transferred from Raw materials      | -                                       | 6,075.94                                | 7,023.31                               |
| Add: Stock lying with third party                      | 4,523.70                                | -                                       | -                                      |
|  | <b>8,259.76</b>                         | <b>9,820.94</b>                         | <b>16,452.61</b>                       |
| (e) Stores and spares                                  | 6,616.26                                | 6,553.93                                | 6,804.08                               |
| <b>Total</b>   | <b>14,878.51</b>                        | <b>16,576.84</b>                        | <b>25,869.43</b>                       |

**Note:**

During the year the Finished goods stock (other than those acquired for trading) and Stock in Trade (acquired for trading) have been provided to the extent of Rs. 5592.37 lakhs and 584.22 lakhs respectively for deterioration, obsolescence and quality issues due to non movement of stock on account of closure of operations at raichur plant, identified on a scientific and technical basis (previous year Rs. 5234.68 Lakhs). The management is of the opinion post the said provisioning the stocks reflects the realizable value. With regards to Stock lying with third party please refer to Note No. 5

Rs. in Lakhs

| <b>NOTE 7 Trade Receivables</b>                         |   |   |  |
|---|---|---|--|
| <b>Particulars</b>                                      | <b>As at 31<sup>st</sup> March 2017</b> | <b>As at 31<sup>st</sup> March 2016</b> | <b>As at 1<sup>st</sup> April 2015</b> |
|   | <b>Rs.</b>                              | <b>Rs.</b>                              | <b>Rs.</b>                             |
| Unsecured, considered good                              | 16,633.98                               | 29,131.44                               | 33,602.73                              |
| Considered doubtful                                     | 16,056.25                               | 3,929.06                                | 729.06                                 |
|   | <b>32,690.23</b>                        | <b>33,060.50</b>                        | <b>34,331.79</b>                       |
| Less : Provision for bad and doubtful trade receivables | (16,056.25)                             | (3,929.06)                              | (729.06)                               |
| <b>Total</b>  | <b>16,633.98</b>                        | <b>29,131.44</b>                        | <b>33,602.73</b>                       |

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

**Notes:****(i) Movements in allowance for provision for receivables is as below:**

|   | <b>Year ended March 31, 2017</b> | <b>Year ended March 31, 2016</b> |
|---|----------------------------------|----------------------------------|
| <b>Balance at the beginning of the year</b> | <b>3,929.06</b>                  | <b>729.06</b>                    |
| Charge in the statement of profit and loss  | 12,127.19                        | 3,200.00                         |
| Release to statement of profit and loss     | -                                | -                                |
| Utilised during the year                    | -                                | -                                |
| <b>Balance at the end of the year</b>       | <b>16,056.25</b>                 | <b>3,929.06</b>                  |

**(ii) Ageing of trade receivables and credit risk arising there from is as below:****As at March 31, 2017**

|                       | <b>Gross credit risk</b> | <b>Provisions</b> | <b>Net credit risk</b> |
|-----------------------|--------------------------|-------------------|------------------------|
| Past due 1–30 days    | 102.05                   |                   | 102.05                 |
| Past due 31–90 days   | 4,688.23                 |                   | 4,688.23               |
| Past due 91–180 days  | 156.60                   |                   | 156.60                 |
| Past due 181–365 days | 416.06                   | 311.11            | 104.95                 |
| More than 365 days    | 27,327.29                | 15,745.14         | 11,582.16              |
|                       | <b>32,690.23</b>         | <b>16,056.25</b>  | <b>16,633.98</b>       |

**As at March 31, 2016**

|                       | <b>Gross credit risk</b> | <b>Provisions</b> | <b>Net credit risk</b> |
|-----------------------|--------------------------|-------------------|------------------------|
| Past due 1–30 days    |                          |                   |                        |
| Past due 31–90 days   | 14,349.32                |                   | 14,349.32              |
| Past due 91–180 days  | 12,711.02                |                   | 12,711.02              |
| Past due 181–365 days | 566.63                   | 311.11            | 255.52                 |
| More than 365 days    | 5,433.53                 | 3,617.95          | 1,815.59               |
|                       | <b>33,060.50</b>         | <b>3,929.06</b>   | <b>29,131.44</b>       |

**As at April 1, 2015**

|                       | <b>Gross credit risk</b> | <b>Provisions</b> | <b>Net credit risk</b> |
|-----------------------|--------------------------|-------------------|------------------------|
| Past due 1–30 days    | 13,336.14                |                   | 13,336.14              |
| Past due 31–90 days   | 10,228.87                |                   | 10,228.87              |
| Past due 91–180 days  | 8,592.96                 |                   | 8,592.96               |
| Past due 181–365 days | 256.34                   | 242.93            | 13.41                  |
| More than 365 days    | 1,917.48                 | 486.13            | 1,431.36               |
|                       | <b>34,331.79</b>         | <b>729.06</b>     | <b>33,602.73</b>       |

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

(iii) There are no outstanding debts due from directors or other officers of the Company.

(Rs. in Lakhs)

**NOTE 8 Cash and Cash Equivalents**

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| Cash on hand   | 0.23                              | 0.51                              | 0.54                             |
| Balances with banks  |                                   |                                   |                                  |
| (a) In current accounts  | 12.65                             | 65.59                             | 1,950.28                         |
| (b) Earmarked balances with Banks  |                                   |                                   |                                  |
| (i) Unpaid dividend  | 7.02                              | 8.37                              | 10.25                            |
| (ii) Others  |                                   | 79.97                             | 816.45                           |
| <b>Total</b>   | <b>19.90</b>                      | <b>154.44</b>                     | <b>2,777.52</b>                  |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is | 12.88                             | 146.07                            | 2,767.27                         |

(Rs. in Lakhs)

**NOTE 9 Loans**

| Particulars                                  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| <b>Loans and advances to Related Parties</b> |                                   |                                   |                                  |
| Unsecured, considered good                   | 97.01                             |                                   |                                  |
| Unsecured, considered doubtful               | 59.96                             | 59.96                             | 59.96                            |
| Less: Provision for doubtful advances        | (59.96)                           | (59.96)                           | (59.96)                          |
|  | 97.01                             | -                                 | -                                |
| <b>Others</b>                                |                                   |                                   |                                  |
| (i) Loans and advances to Suppliers          |                                   |                                   |                                  |
| Unsecured, considered good                   | -                                 | 6.50                              | 1,034.36                         |
| Unsecured, considered doubtful               | -                                 | 15.53                             | -                                |
| Less: Provision for doubtful advances        | -                                 | (15.53)                           | -                                |
|  | -                                 | 6.50                              | 1,034.36                         |
| <b>Total</b>                                 | <b>97.01</b>                      | <b>6.50</b>                       | <b>1,034.36</b>                  |



**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements**

| <b>NOTE 10 Other Current assets</b>                   |   | <b>(Rs.in lakhs)</b>                        |  |
|---|---|---|--|
| <b>Particulars</b>                                    | <b>As at 31<sup>st</sup><br/>March 2017</b> | <b>As at 31<sup>st</sup><br/>March 2016</b> | <b>As at 1<sup>st</sup><br/>April 2015</b> |
|   | <b>Rs.</b>                                  | <b>Rs.</b>                                  | <b>Rs.</b>                                 |
| (i) Balance with Government authorities               |   |   |  |
| Unsecured, considered good                            |   |   |  |
| (i) CENVAT credit receivable                          | 887.31                                      | 849.47                                      | 938.36                                     |
| (ii) VAT credit receivable                            | 185.99                                      | 187.25                                      | 197.15                                     |
| (iii) Service Tax credit receivable                   | 1,117.82                                    | 1,119.10                                    | 1,025.62                                   |
|   | <b>2,191.11</b>                             | <b>2,155.82</b>                             | <b>2,161.14</b>                            |
| Unsecured, considered doubtful                        | 68.75                                       | 50.00                                       | -  |
| Less: Provision for CENVAT & VAT<br>Credit Receivable | (68.75)                                     | (50.00)                                     | -  |
|   | 2,191.11                                    | 2,155.82                                    | 2,161.14                                   |
| (ii) Prepaid expenses                                 | 8.48  | 8.11  | -  |
| (iii) Other deposits                                  | 8.99  | 8.99  | -  |
| <b>Total</b>  | <b>2,208.59</b>                             | <b>2,172.92</b>                             | <b>2,161.14</b>                            |

**NOTE 11 Equity share capital (Rs.in lakhs)**

| <b>Particulars</b>                                  | <b>As at 31<sup>st</sup> March 2017</b> |                 | <b>As at 31<sup>st</sup> March 2016</b> |                 | <b>As at 1<sup>st</sup> April 2015</b> |                 |
|---|---|-----------------|---|-----------------|--|-----------------|
|   | <b>Number of<br/>shares</b>             | <b>Rs.</b>      | <b>Number of<br/>shares</b>             | <b>Rs.</b>      | <b>Number of<br/>shares</b>            | <b>Rs.</b>      |
| <b>(a) Authorised</b>                               |   |                 |   |                 |  |                 |
| Equity shares of 10 each                            | 70,000,000                              | 7,000.00        | 70,000,000                              | 7,000.00        | 70,000,000                             | 7,000.00        |
| <b>(b) Issued, subscribed<br/>and fully paid up</b> |   |                 |   |                 |  |                 |
| Equity shares of 10 each                            | 50,910,649                              | 5,091.06        | 44,519,067                              | 4,451.91        | 44,519,067                             | 4,451.91        |
| <b>Total</b>  | <b>50,910,649</b>                       | <b>5,091.06</b> | <b>44,519,067</b>                       | <b>4,451.91</b> | <b>44,519,067</b>                      | <b>4,451.91</b> |

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements**

(Refer Notes (i) to (iv) below)

**Notes:****(i) Reconciliation of number of shares outstanding at the beginning and at the end of the year****Equity Shares****(Rs.in lakhs)**

| PARTICULARS                                     | Period Ended 31.03.2017 |          | Period Ended 31.03.2016 |          | Period Ended 01.04.2015 |          |
|---|-------------------------|----------|-------------------------|----------|-------------------------|----------|
|   | NO.                     | Rs.      | NO.                     | Rs.      | NO.                     | Rs.      |
| Shares outstanding at the beginning of the year | 44,519,067              | 4,451.91 | 44,519,067              | 4,451.91 | 44,519,067              | 4,451.91 |
| Shares Issued during the year                   | 6,391,582               | 639.16   | -                       | 0.00     | -                       | 0.00     |
| Shares outstanding at the end of the year       | 50,910,649              | 5,091.06 | 44,519,067              | 4,451.91 | 44,519,067              | 4,451.91 |

**ii) Rights preference and restrictions attached to the shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**iii) Shareholders holding more than five percent shares in the Company:**

| Name of Shareholders                       | As at 31 <sup>st</sup> March 2017 |           | As at 31 <sup>st</sup> March 2016 |           | As at 31 <sup>st</sup> March 2015 |           |
|--|-----------------------------------|-----------|-----------------------------------|-----------|-----------------------------------|-----------|
|  | Number of shares held             | % holding | Number of shares held             | % holding | Number of shares held             | % holding |
| Dineshchand Surana (Refer Note (iv) below) | 11,468,458                        | 22.53%    | 5,076,875                         | 11.40%    | 5,076,875                         | 11.40%    |
| G.R Surana                                 | 5,076,875                         | 9.97%     | 5,076,875                         | 11.40%    | 5,076,875                         | 11.40%    |
| Shantilal Surana                           | 5,076,875                         | 9.97%     | 5,076,875                         | 11.40%    | 5,076,875                         | 11.40%    |
| Vijayraj Surana                            | 5,076,876                         | 9.70%     | 5,076,876                         | 11.40%    | 5,076,876                         | 11.40%    |
| Indiastar (Mauritus) Ltd                   |                                   |           | 9,669,067                         | 21.72%    | 9,669,067                         | 21.72%    |
| Vinayaga Infra Ltd                         |                                   |           | 2,578,311                         | 5.79%     | 2,578,311                         | 5.79%     |
| BLS Power Solution Ltd                     | 3,200,000                         | 6.29%     | 3,200,000                         | 7.19%     | 3,200,000                         | 7.19%     |

(iv) As per the Corporate Debt Restructuring (CDR) Scheme empowered by the CDR Empowered Group (CDR EG), the Allotment Committee of Board of Directors had allotted 63,91,582 equity shares of Rs.10 each @ 72.82 (including a premium of Rs.62.82) to SHRI DINESH CHAND SURANA. As per regulation 31(2) of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the listed entities are required to maintain the shareholding of promoters in hundred percent dematerialized form. However, post issue process of listing of share are pending with stock exchange due to legal / technical issue pending for approval from consortium bankers.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

**Note 12 Other Equity****(Rs.in lakhs)**

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| <b>Capital reserve</b>   | 926.01                            | 926.01                            | 926.01                           |
| <b>Securities premium account<br/>(Refer Note11(iv))</b>   |                                   |                                   |                                  |
| Opening Balance  | 79,997.12                         | 79,997.12                         | 79,997.12                        |
| Add : Addition during the year   | 4,015.19                          | -                                 | -                                |
|  | 84,012.31                         | 79,997.12                         | 79,997.12                        |
| <b>Revaluation reserve</b>   |                                   |                                   |                                  |
| Opening Balance  | 580.63                            | 580.63                            | 580.63                           |
| Less: Transferred / Utilized<br>during the year  | (580.63)                          | -                                 | -                                |
|  | -                                 | 580.63                            | 580.63                           |
| <b>General reserve</b>   | 2,843.19                          | 2,843.19                          | 2,843.19                         |
| <b>Surplus / (Deficit) in<br/>Statement of Profit and<br/>Loss</b>   |                                   |                                   |                                  |
| Opening Balance  | (74,005.53)                       | (21,433.32)                       | 5,490.21                         |
| Less: Depreciation on<br>transition to Schedule II of<br>the Companies Act, 2013 on<br>Tangible Fixed Assets with nil<br>remaining useful life | 0.00                              | -                                 | (644.65)                         |
| Less: Loss for the year  | (60,825.91)                       | (52,572.21)                       | (26,278.88)                      |
|  | <b>(134,831.44)</b>               | <b>(74,005.53)</b>                | <b>(21,433.32)</b>               |
| <b>Total</b>   | <b>(47,049.93)</b>                | <b>10,341.42</b>                  | <b>62,913.63</b>                 |
|  |                                   |                                   |                                  |

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

## NOTE 13 Borrowings

(Rs.in lakhs)

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| <b>Secured Borrowings</b>  |                                   |                                   |                                  |
| <b>Term loans</b> - Refer Notes (i) to (v) below   |                                   |                                   |                                  |
| From Banks   | -                                 | 67,563.59                         | 63,842.45                        |
| From Financial Institution   | -                                 |                                   | 17,899.28                        |
|  | -                                 | <b>67,563.39</b>                  | <b>81,741.74</b>                 |
| <b>Unsecured Borrowings</b>  |                                   |                                   |                                  |
| <b>Loans and advances</b>  |                                   |                                   |                                  |
| Interest free loan from a promoter towards priority debt and lender's sacrifice as per CDR package | -                                 | 4,654.35                          | 1,324.35                         |
| Interest free unsecured inter corporate deposits from other parties                                | -                                 | -                                 | 2,500.00                         |
|  | -                                 | <b>4,654.35</b>                   | <b>3,824.35</b>                  |
| <b>Total</b>   | -                                 | <b>72,217.74</b>                  | <b>85,566.09</b>                 |

## Notes:

i) The Master Restructuring Agreement (MRA) was executed between the Company, the Monitoring Institution (IDBI Bank) and the CDR Lenders on 24th March, 2014 in order to give effect to the Corporate Debt Restructuring Package (CDR Package) as approved by the CDR Empowered Group (CDR EG) on 7th March, 2014 and Letter of Approval (LOA) was issued on 13th March, 2014. (Also refer Note 1). Pursuant to the MRA, all loans carry an interest of 11% per annum (Previous year 11% per annum).

The terms of restructuring as per Letter of Approval referred to in Note above are as follows,

| Facilities  | Outstanding as at June 1, 2013 (in Crores) | Moratorium   |  | Period  |
|-------------|--|--|--|---|
| Term Loan I | 156.37                                     | Principal and interest moratorium 25 months i.e., from June 1, 2013 to June 30, 2015. Interest to be converted to Funded Interest Term Loan ("FITL") - II. |  | 31 Structured Quarterly installments from September 2015 to March 2023. |

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements**

| <b>Facilities</b>   | <b>Outstanding as at June 1, 2013 (in Crores)</b> | <b>Moratorium</b>   |  | <b>Period</b>   |
|---|---|---|--|---|
| Term Loan IFCI  | 53.33   | Principal and interest moratorium 25 months i.e., from June 1, 2013 to June 30, 2015. Interest to be converted into Term Loan - II.   |  | 31 Structured Quarterly installments from September 2015 to March 2023. |
| Term Loan II (Pellet Project Loan)                            | 184.77  | Principal and interest moratorium 6 months from revised Date of Commencement of Commercial Operations ("DCCO") i.e., April 1, 2016 to FITL VI. Interest to be serviced post DCCO. |  | 26 Structured Quarterly installments from December 2016 to March 2023.  |
| Working Capital Term Loan - I (Principal overdue of IFCI)     | 103.08  | Principal moratorium 25 months from Cut off Date ("COD") and interest to be converted into FITL III for the period of 25 months i.e. from June 1, 2013 to June 30, 2015.          |  | 20 Structured Quarterly installments from September 2015 to March 2020. |
| WCTL - II (LC devolved + Post COD devolved + CC irregularity) | 175.95  | Principal moratorium 25 months from COD and interest to be converted into FITL IV for the period of 25 months i.e. from June 1, 2013 to June 30, 2015.                            |  | 20 Structured Quarterly installments from September 2015 to March 2020. |

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

| <b>Facilities</b>                            | <b>Outstanding as at June 1, 2013 (in Crores)</b> | <b>Moratorium</b>   |  | <b>Period</b>   |
|--|---|---|--|---|
| FITL - I (pre COD interest of IFCI)          | 12.17   | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due. (refer to note (iv) below). |  | 2 Structured Annual installments in June 2014 and June 2015.            |
| FITL II - Interest on TL I and IFCI loan     | 48.06   | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             |  | 19 Structured Quarterly installments from September 2015 to March 2020. |
| FITL III - Interest funding on WCTL I        | 23.62   | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             |  | 19 Structured Quarterly installments from September 2015 to March 2020. |
| FITL IV - Interest funding on WCTL II        | 37.53   | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             |  | 19 Structured Quarterly installments from September 2015 to March 2020. |
|  |   |   |  |   |
| FITL V - Interest funding on working capital | 35.86   | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             |  | 19 Structured Quarterly installments from September 2015 to March 2020. |

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements**

| <b>Facilities</b>                         | <b>Outstanding as at June 1, 2013 (in Crores)</b> | <b>Moratorium</b>  |  | <b>Period</b>  |
|---|---|--|--|--|
| FITL VI - Interest on Pellet Project loan | 57.59   | Principal moratorium 34 months from COD till March 31, 2016. |  | 16 Structured Quarterly installments from June 2016 to March 2020. |
| Priority Loan                             | 41.72   | Principal moratorium 34 months from COD till March 31, 2016. |  | 24 Structured Quarterly installments from June 2016 to March 2022. |

**Other conditions:**

1. Working capital (Fund based and Non-Fund based) of Rs. 401.58 crores - Reduction in margin stock and book debts to 15% and increase in cover period of receivables from 120 days to 180 days.

**ii) Security****I. Term Loans (including WCTL and FITL from banks and financial institution are secured by way of :**

- First charge on all movable and immovable fixed assets of the Company (present and future) on pari passu basis.
- Second charge on entire current assets of the Company including raw materials, stock in progress, finished goods and receivables on pari-passu basis.
- Non disposal undertaking from the promoters to the effect that their equity shareholding in the Company remains at least 30% during the currency of the facility.
- Pledge of 100% of promoter and promoter group holdings in the Company in favour of lending institutions.
- Personal Guarantee of the promoters
- Priority loan to have priority share on the Pre Trust & Retention Account (“TRA”)/ TRA cash flows of the Company
- First pari passu charge on the commercial property held in the name of the Company located at Basavangadi, Bangalore on pari passu basis with term loan and working capital lenders in lieu of release of the equitable mortgage of certain agricultural land belonging to the promoters and a wind mill property belonging to the subsidiary company.”

**The additional security provided to a Financial Institution are as follows:**

- Pledge of 60 Million equity shares of Surana Power Limited, a subsidiary
- Mortgage of 29.12 acres of agricultural land belonging to a shareholder
- Corporate Guarantee given by a shareholder
- Pledge of 16,072,526 number of equity shares of Surana Mines and Minerals Limited, a subsidiary

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

**iii) Terms of repayment****A.1) Repayment Schedule of Term Loan from Banks for the year ended March 31, 2017 (Rs.in lakhs)**

| <b>Year</b>   | <b>Term Loan</b> | <b>FITL</b>   | <b>WCTL</b>   | <b>Priority Loan</b> | <b>Total</b>  |
|---|------------------|---------------|---------------|----------------------|---------------|
| 2015-16   | 626              | 875           | 1,408         | -                    | 2,909         |
| 2016-17   | 1,674            | 1,178         | 1,409         | 75                   | 4,336         |
| 2017-18   | 2,787            | 2,256         | 2,642         | 190                  | 7,875         |
| 2018-19   | 3,408            | 4,138         | 4,404         | 190                  | 12,139        |
| 2019-20   | 3,779            | 5,346         | 4,404         | 253                  | 13,782        |
| 2020-21   | 5,112            | -             | 3,348         | 253                  | 8,713         |
| 2021-22   | 8,179            | -             | -             | 304                  | 8,482         |
| 2022-23   | 8,514            | -             | -             | -                    | 8,514         |
| <b>Add: Interest accrued</b>                                      | <b>34,078</b>    | <b>13,794</b> | <b>17,615</b> | <b>1,265</b>         | <b>66,751</b> |
| <b>Less: Current Maturities of Long Term Debt (Refer Note 17)</b> |                  |               |               |                      | <b>7,962</b>  |
|   | 34,078           | 13,794        | 17,615        | 1,265                | 74,714        |
| <b>TOTAL</b>  | <b>-</b>         | <b>-</b>      | <b>-</b>      | <b>-</b>             | <b>-</b>      |

**A.2) Repayment Schedule of Term Loan from Banks for the year ended March 31, 2016 (Rs.in lakhs)**

| <b>Year</b>   | <b>Term Loan</b> | <b>FITL</b>   | <b>WCTL</b>   | <b>Priority Loan</b> | <b>Total</b>  |
|---|------------------|---------------|---------------|----------------------|---------------|
| 2015-16   | 626              | 875           | 1,408         | -                    | 2,909         |
| 2016-17   | 1,674            | 1,178         | 1,409         | 75                   | 4,336         |
| 2017-18   | 2,787            | 2,256         | 2,642         | 190                  | 7,875         |
| 2018-19   | 3,408            | 4,138         | 4,404         | 190                  | 12,139        |
| 2019-20   | 3,779            | 5,346         | 4,404         | 253                  | 13,782        |
| 2020-21   | 5,112            | -             | 3,348         | 253                  | 8,713         |
| 2021-22   | 8,179            | -             | -             | 304                  | 8,482         |
| 2022-23   | 8,514            | -             | -             | -                    | 8,514         |
| <b>Add: Interest accrued</b>                                      | <b>34,078</b>    | <b>13,794</b> | <b>17,615</b> | <b>1,265</b>         | <b>66,751</b> |
| <b>Less: Current Maturities of Long Term Debt (Refer Note 17)</b> |                  |               |               |                      | <b>8,057</b>  |
|   | 2,300            | 2,053         | 2,817         | 75                   | 7,245         |
| <b>TOTAL</b>  | <b>31,778</b>    | <b>11,740</b> | <b>14,798</b> | <b>1,190</b>         | <b>67,563</b> |



**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****B) Terms Loans from Financial Institution**

B.1) Repayment Schedule of Term Loan from Financial Institutions for the year ended March 31, 2017

**(Rs.in lakhs)**

| <b>Year</b>  | <b>Term Loan</b> | <b>FITL</b>  | <b>WCTL</b>   | <b>Total</b>  |
|--|------------------|--------------|---------------|---------------|
| 2015-16  | 213              | 1,504        | 825           | 2,542         |
| 2016-17  | 320              | 287          | 825           | 1,431         |
| 2017-18  | 320              | 537          | 1,546         | 2,404         |
| 2018-19  | 533              | 1,075        | 2,577         | 4,185         |
| 2019-20  | 533              | 1,397        | 2,577         | 4,507         |
| 2020-21  | 800              | -            | 1,959         | 2,759         |
| 2021-22  | 1,280            | -            | -             | 1,280         |
| 2022-23  | 1,333            | -            | -             | 1,333         |
|  | <b>5,333</b>     | <b>4,800</b> | <b>10,308</b> | <b>20,441</b> |
| Add: Opening interest accrued                              |                  |              |               | 3,330         |
| Less: Current Maturities of Long Term Debt (Refer Note 17) | 23,772           | 4,800        | 10,308        | 23,772        |

B.2) Repayment Schedule of Term Loan from Financial Institutions for the year ended March 31, 2016

**(Rs.in lakhs)**

| <b>Year</b>  | <b>Term Loan</b> | <b>FITL</b>  | <b>WCTL</b>   | <b>Total</b>  |
|--|------------------|--------------|---------------|---------------|
| 2015-16  | 213              | 1,504        | 825           | 2,542         |
| 2016-17  | 320              | 287          | 825           | 1,431         |
| 2017-18  | 320              | 537          | 1,546         | 2,404         |
| 2018-19  | 533              | 1,075        | 2,577         | 4,185         |
| 2019-20  | 533              | 1,397        | 2,577         | 4,507         |
| 2020-21  | 800              | -            | 1,959         | 2,759         |
| 2021-22  | 1,280            | -            | -             | 1,280         |
| 2022-23  | 1,333            | -            | -             | 1,333         |
|  | <b>5,333</b>     | <b>4,800</b> | <b>10,308</b> | <b>20,441</b> |
| <b>Add:Interest accrued</b>                                |                  |              |               | 3,330         |
| Less: Current Maturities of Long Term Debt (Refer Note 10) | 5,333            | 4,800        | 10,308        | 23,772        |
| <b>TOTAL</b>   | <b>-</b>         | <b>-</b>     | <b>-</b>      | <b>-</b>      |

**SURANA INDUSTRIES LIMITED**

**Notes forming part of the Standalone financial statements**

- a) The repayments as per iii(A) and iii(B) above are to be made in structured quarterly instalments.
- b) The above repayment schedules are after considering the moratorium periods allowed under the CDR package, wherever applicable.
- iv) As per CDR package, the loan installments were due for repayment from September 2015. The Company had sought extension for repayment of loan from the lenders and Corporate Debt Restructuring – Empowered Group (CDR-EG) due to inadequate cash flows, decision on which has not yet been taken. The efforts of the lenders to undertake Strategic Debt Restructuring (SDR) by converting a portion of their loan into equity also did not fructify and accordingly the Company was instructed to identify investors. As the consortium could not accept the initial terms of offer made by the strategic partners / investors, the account has been classified as Non Performing Asset (NPA) by the banks and have not charged interest thereof for the subsequent period. Further, the consortium of lenders vide JLM dated 14.07.2016 & 27.09.2016 had recommended exit from CDR to CDR-EG. The confirmation on exit of CDR has been received from lenders vide communication dated 03.11.2016. IDBI lead bank for all the loans acting itself and on behalf of other consortium banks vide communication 1007/SIL/IDBI Consortium /SARFAESI dated 25.01.2017 has invoked Sec 13(2) of SARFAESI Act to recall all the loans extended to the company. Hence, all the loan facilities from Consortium banks has been treated as Current Maturities of Long Term Debt under Other Current Liabilities for the current year and interest has been accrued based on the rates that prevailed before the effective date of the MRA.
- v) The company had taken a corporate loan from IFCI. At the time of implementation/ proposal stages of CDR Package, at the behest of IFCI, in order to move forward, the company had offered additional collateral securities to IFCI, over and above the security stipulated by CDR EG. In addition to the above, IFCI had computed their Pre-COD dues by considering an interest rate of 15% plus penal interest and other charges. Even after repeated request of the company, the calculation and basis for arriving at the Pre-COD dues by IFCI was not shared with the company at the time of implementation of CDR Package. Subsequently, post CDR implementation, the company requested IFCI crystallize the Pre-COD due by reducing the additional interest/ charges and penal interest which was not forthcoming from IFCI. Hence, the company approached IDBI Bank and other consortium lenders. Even after multiple meetings with IFCI, the differences of opinion on rate of interest calculation and release of security to common pool could not be resolved. Finally IFCI in January 2016 decided to declare the company and its managing director as willful defaulter on the grounds of company being deliberately avoiding payment of interest and installment dues. The company's representation against the decision of IFCI is under the consideration of RBI vide their letter no DBRCID/13717/20.16.011/2016-17 dated 22.05.2017. Further, IFCI, suo moto has invoked Sec. 13 (2) of SARFAESI Act to recall the loans extended to the company. Hence, the entire term loan from IFCI has been treated as Current Maturities of Long Term Debt under Other Current Liabilities for the current year and interest has been accrued based on the rates that prevailed before the effective date of the MRA.
- vi) The Company has defaulted in the repayment of principal and interest dues as given below:

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

**i. Principal portion due:**

The balances due in respect of principal outstanding as per the books of account are as below:

(Rs.in lakhs)

| Particulars                           | Amount of default of repayment (Rs) | Period of default (refer Note below) |
|---------------------------------------|-------------------------------------|--------------------------------------|
| <b>Due to Financial Institutions:</b> |                                     |                                      |
| IFCI Limited                          | 21,121                              | For the year 2015-16 & 2016-17       |
| <b>Due to Banks:</b>                  |                                     |                                      |
| IDBI Bank Limited                     | 17,372                              | For the year 2015-16 & 2016-17       |
| Central Bank of India                 | 10,051                              |                                      |
| Allahabad Bank                        | 4,773                               |                                      |
| Oriental Bank of Commerce             | 7,151                               |                                      |
| Bank of India                         | 4,755                               |                                      |
| UCO Bank                              | 3,686                               |                                      |
| Syndicate Bank                        | 3,716                               |                                      |
| Indian Overseas Bank                  | 2,432                               |                                      |
| State Bank of India                   | 4,639                               |                                      |
| Canara Bank                           | 2,320                               |                                      |
| Bank of Baroda                        | 2,396                               |                                      |
| Punjab National Bank                  | 21,717                              |                                      |
| DENA Bank                             | 10,394                              |                                      |
| Bank of Maharastra                    | 5,208                               |                                      |

Note - The balance due in respect of principal outstanding is as per the recall notice by banks vide communication 1007/SIL/IDBI Consortium /SARFAESI dated 25.01.2017 . IDBI lead bank for all the loans acting itself and on behalf of other consortium banks has invoked Sec 13(2) of SARFAESI Act to recall all the loans extended to the company. The above balance also includes devolved Letters of Credit which were outstanding as at March 31, 2017.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

**ii. Interest due**

(Rs.in lakhs)

| Particulars                           | Amount of default of repayment (Rs) | Period of default (refer Note below) |
|---------------------------------------|-------------------------------------|--------------------------------------|
| <b>Due to Financial Institutions:</b> |                                     |                                      |
| IFCI Limited                          | 2,651                               | For the year 2015-16 & 2016-17       |
| <b>Due to Banks:</b>                  |                                     |                                      |
| IDBI Bank Limited                     | 7,986                               | For the year 2015-16 & 2016-17       |
| Punjab National Bank                  | 4,468                               |                                      |
| UCO Bank                              | 601                                 |                                      |
| Oriental Bank of Commerce             | 2,186                               |                                      |
| Allahabad Bank                        | 5,576                               |                                      |
| Canara Bank                           | 3,383                               |                                      |
| Bank of Baroda                        | 965                                 |                                      |
| Central Bank of India                 | 1,775                               |                                      |
| Syndicate Bank                        | 793                                 |                                      |
| Bank of India                         | 2,559                               |                                      |
| State Bank of India                   | 1,212                               |                                      |
| Indian Overseas Bank                  | 1,159                               |                                      |
| DENA Bank                             | 7,609                               |                                      |
| Bank of Maharastra                    | 3,064                               |                                      |

Note (a) - Due to the reasons described in Note (iv) above interest has been accrued at the rates that prevailed before the effective date of the MRA.

Note (b) - All the consortium banks had classified the account of the Company as a Non Performing Asset (NPA) during the previous year and consequently stopped charging interest on the loans extended to the Company. The interest disclosed above for the year ended March 31, 2017 has therefore been computed based on the terms specified in the MRA and has been provided for in the financial statements

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****NOTE 14 Provisions****(Rs.in lakhs)**

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| <b>Provision - Others</b>                              |                                   |                                   |                                  |
| Recompense interest                                    | -                                 | -                                 | 7,630.29                         |
| Provision for Contingencies (Refer Note 33)            | 861.12                            | 890.61                            | 800.00                           |
|  | 861.12                            | 890.61                            | 8,430.29                         |
| <b>Provision for Employee Benefits (Refer Note 26)</b> |                                   |                                   |                                  |
| Provision for Gratuity                                 | 9.56                              | 22.14                             | 51.81                            |
| Provision for Compensated absences                     | 6.62                              | -                                 | -                                |
|  | 16.17                             | 22.14                             | 51.81                            |
|  |                                   |                                   |                                  |
| <b>Total</b>   | <b>877.29</b>                     | <b>912.75</b>                     | <b>8,482.09</b>                  |

**(Rs.in lakhs)****NOTE 15 Borrowings**

| Particulars                                      | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| <b>Working Capital Loan from banks - Secured</b> |                                   |                                   |                                  |
| Loans repayable on demand                        | 69,232.79                         | 49,401.74                         | 39,813.39                        |
| <b>Total</b>                                     | <b>69,232.79</b>                  | <b>49,401.74</b>                  | <b>39,813.39</b>                 |

**Note:****i) Security details:**

Working capital loans are secured by way of:

- First charge on the entire current assets of the Company (present and future) on pari-passu basis.
- Second charge on all movable and immovable fixed assets of the Company, present and future on pari-passu basis.
- Pledge of 100% of promoter and promoter group holdings in the Company in favour of lending institutions.
- Personal Guarantee of the promoters.
- Priority loan to have priority share on the Pre TRA / TRA cash flows of the Company
- First pari passu charge on the commercial property held in the name of the Company located at Basavangadi, Bangalore on pari passu basis with term loan and working capital lenders in lieu of release of the equitable mortgage of certain agricultural land belonging to the promoters and a wind mill property belonging to the subsidiary company.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

(Rs.in lakhs)

| <b>NOTE 16 Trade Payables</b>                     |   |   |  |
|---|---|---|--|
| <b>Particulars</b>                                | <b>As at 31<sup>st</sup> March 2017</b> | <b>As at 31<sup>st</sup> March 2016</b> | <b>As at 1<sup>st</sup> April 2015</b> |
|   | <b>Rs.</b>                              | <b>Rs.</b>                              | <b>Rs.</b>                             |
| <b>Other than Acceptances<br/>(Refer Note 33)</b> |   |   |  |
| Trade Payables                                    | 3,196.72                                | 3,985.73                                | 11,644.39                              |
| <b>Total</b>                                      | <b>3,196.72</b>                         | <b>3,985.73</b>                         | <b>11,644.39</b>                       |

- (i) There are no dues to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprise Development Act, 2006.

(Rs.in lakhs)

| <b>NOTE 17 Other Financial Liabilities</b>  |   |   |  |
|---|---|---|--|
| <b>Particulars</b>  | <b>As at 31<sup>st</sup> March 2017</b> | <b>As at 31<sup>st</sup> March 2016</b> | <b>As at 1<sup>st</sup> April 2015</b> |
|   | <b>Rs.</b>                              | <b>Rs.</b>                              | <b>Rs.</b>                             |
| Current maturities of long-term debt (Refer Note 13 for details of security, interest and terms of repayment) | 71,940.86                               | 27,686.58                               | 5,450.94                               |
| Interest accrued and due on borrowings  | 26,544.62                               | 3,330.35                                | -                                      |
| Unclaimed dividend  | 7.02                                    | 8.37                                    | 10.25                                  |
| <b>Total</b>  | <b>98,492.50</b>                        | <b>31,025.30</b>                        | <b>5,461.19</b>                        |

(Rs.in lakhs)

| <b>NOTE 18 Other Current liabilities</b> |   |   |  |
|--|---|---|--|
| <b>Particulars</b>                       | <b>As at 31<sup>st</sup> March 2017</b> | <b>As at 31<sup>st</sup> March 2016</b> | <b>As at 1<sup>st</sup> April 2015</b> |
|  | <b>Rs.</b>                              | <b>Rs.</b>                              | <b>Rs.</b>                             |
| - Statutory Liabilities                  | 322.92                                  | 367.14                                  | 288.27                                 |
| - Others                                 | 296.01                                  | -                                       | -                                      |
| <b>Total</b>                             | <b>618.93</b>                           | <b>367.14</b>                           | <b>288.27</b>                          |

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

(Rs.in lakhs)

**NOTE 19 Provisions**

| Particulars  | As at 31 <sup>st</sup> March 2017 | As at 31 <sup>st</sup> March 2016 | As at 1 <sup>st</sup> April 2015 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
|  | Rs.                               | Rs.                               | Rs.                              |
| <b>Provision - Others</b>                              |                                   |                                   |                                  |
| (i) Provision for income tax                           | 60.52                             | 56.11                             | 97.25                            |
| (ii) Provision on interest                             | 7,330.64                          | 81.00                             | -                                |
| <b>Provision for Employee Benefits (Refer Note 26)</b> |                                   |                                   |                                  |
| (i) Gratuity   | 3.20                              | 1.39                              | 1.19                             |
| (ii) Compensated Absences                              | -                                 | 4.21                              | 4.61                             |
| <b>Total</b>   | <b>7,394.36</b>                   | <b>142.71</b>                     | <b>103.05</b>                    |

**NOTE 20 Revenue from operations (Gross)**

(Rs.in lakhs)

| Particulars                     | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|---------------------------------|--|--|
|                                 | Rs.  | Rs.  |
| Sale of products (manufactured) | 2,034.59   | 8,343.24   |
| Sale of products (traded)       | 4,619.33   | 51,392.48  |
| Sale of services                | 187.43   | 540.36   |
| <b>Total</b>                    | <b>6,841.35</b>                                    | <b>60,276.08</b>                                   |

**NOTE 21 Other Income**

(Rs.in lakhs)

| Particulars                                   | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
|   | Rs.  | Rs.  |
| Interest income on bank deposits              | 8.34   | 53.06  |
| Dividend income from long- term investments   | -  | 0.12   |
| Other non-operating income (Refer Note below) | 169.90   | 416.99   |
| <b>Total</b>                                  | <b>178.24</b>                                      | <b>470.17</b>                                      |

**Note:****Non-operating income**

(Rs.in lakhs)

| Particulars                                 | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
|   | Rs.  | Rs.  |
| Liabilities no longer required written back | 13.89  | 384.11   |
| Profit on sale of asset                     | 0.24   | -  |
| Rental Income                               | 1.75   | 3.00   |
| Others                                      | 154.02   | 29.88  |
| <b>Total</b>                                | <b>169.90</b>                                      | <b>416.99</b>                                      |

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

## NOTE 22 A Cost of Materials Consumed

(Rs.in lakhs)

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs.  | Rs.  |
| Opening Stock                                      | 201.98   | 9,636.05   |
| Less : Stock of coal transferred to Stock-in-trade | -  | (7,023.31)   |
| Add : Purchases                                    | 1,577.33   | 5,887.50   |
|  | <b>1,779.31</b>                                    | <b>8,500.24</b>                                    |
| Less : Closing Stock                               | 2.49   | 6,277.91   |
| Less : Stock of coal transferred to Stock-in-trade | -  | (6,075.94)   |
| <b>Cost of materials consumed</b>                  | <b>1,776.82</b>                                    | <b>8,298.26</b>                                    |
| Materials consumed comprise:                       |  |  |
| Iron Billets                                       | <b>1,397.62</b>                                    | <b>5,802.82</b>                                    |
| Others   | <b>379.20</b>                                      | <b>2,495.44</b>                                    |
| <b>Total</b>                                       | <b>1,776.82</b>                                    | <b>8,298.26</b>                                    |

## NOTE 22 B Purchases of Stock in Trade

(Rs.in lakhs)

| Particulars         | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|---------------------|--|--|
|                     | Rs.  | Rs.  |
| <b>Traded Goods</b> |  |  |
| MS Structural       | -  | 5,838.66   |
| MS Scrap            | 1,814.27   | 31,292.82  |
| TMT Bars            | 1,842.91   | -  |
| MS Rounds           | -  | 947.67   |
| MS Angle            | -  | 4,827.84   |
| TMT Bars            | -  | -  |
| Others              | 70.97  | 9,054.65   |
| <b>Total</b>        | <b>3,728.16</b>                                    | <b>51,961.64</b>                                   |

“This space is intentionally left blank”



**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****NOTE 22 C Changes in inventories of finished goods, work in progress and stock-in-trade (Rs.in lakhs)**

| Particulars                                      | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs.  | Rs.  |
| Inventories at the beginning of the year :-      |  |  |
| Finished goods                                   | 668.17   | 1,856.67   |
| Stock-in-trade                                   | 39.24  | 7,572.63   |
| Add: Stock of coal transferred from Raw material | 6,075.94   | 7,023.31   |
| Trading stock transferred from CWIP to inventory | 3,037.59   |  |
|  | <b>9,820.94</b>                                    | <b>16,452.61</b>                                   |
| Inventories at the end of the year :-            |  |  |
| Finished goods                                   | 84.16  | 668.17   |
| Stock-in-trade                                   | 3,651.91   | 39.24  |
| Add: Stock of coal transferred from Raw material | -  | 6,075.94   |
|  | <b>3,736.07</b>                                    | <b>6,783.35</b>                                    |
|  |  |  |
| <b>Net decrease</b>                              | <b>6,084.87</b>                                    | <b>9,669.26</b>                                    |

**NOTE 23 Employee Benefits Expense****(Rs.in lakhs)**

| Particulars                                     | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
|   | Rs.  | Rs.  |
| Salaries and wages                              | 472.79   | 536.04   |
| Contributions to provident fund (Refer Note 26) | 37.37  | 18.62  |
| Staff welfare expenses                          | 5.60   | 34.42  |
| <b>Total</b>                                    | <b>515.76</b>                                      | <b>589.08</b>                                      |

**NOTE 24 Finance Costs****(Rs.in lakhs)**

| Particulars                 | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|-----------------------------|--|--|
|                             | Rs.  | Rs.  |
| Interest expense on:        |  |  |
| (i) Bank Borrowings         | 23,097.51  | 12,516.84  |
| (ii) Financial Institutions | 3,447.11   | 3,416.69   |
| Bank Charges                | 14.76  | 135.94   |
| Other                       | 6.53   | 81.00  |
| <b>Total</b>                | <b>26,565.91</b>                                   | <b>16,150.47</b>                                   |

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****NOTE 25 Other Expenses****(Rs.in lakhs)**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs.  | Rs.  |
| Consumption of stores and consumables                        | 292.36   | 760.46   |
| Contract Labour expenses                                     | 158.84   | 456.94   |
| Power and Fuel   | 152.93   | 564.05   |
| Repairs and Maintenance                                      | 35.15  | 149.93   |
| Insurance  | 30.05  | 46.67  |
| Rent   | 20.49  | 31.35  |
| Rates and Taxes  | 5.22   | 43.40  |
| Communication  | 3.38   | 13.72  |
| Travelling and Conveyance                                    | 20.91  | 47.19  |
| Advertisement and Business Promotion                         | 17.48  | 309.83   |
| Freight and Forwarding                                       | -  | 198.14   |
| Legal and Professional Charges                               | 41.18  | 158.29   |
| Payment to auditors (Refer Note below)                       | 15.60  | 79.93  |
| Provision for Doubtful Trade receivables, Loans and advances | -  | 3,574.41   |
| Provision for Contingencies (Refer Note 35)                  | -  | 29.49  |
| Trade receivables and advances written off                   | 12,087.88  | 68.73  |
| Miscellaneous expenses                                       | 123.79   | 21.70  |
| <b>Total</b>   | <b>13,005.26</b>                                   | <b>6,554.23</b>                                    |

**Note:****(Rs.in lakhs)**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs.  | Rs.  |
| Payments to statutory auditors comprise (net of service tax input credit, where applicable): |  |  |
| To statutory auditors  |  |  |
| For audit  | 8.00   | 40.00  |
| For limited reviews  | 3.00   | 9.00   |
| Other Services   | 4.10   | 29.43  |
| To Internal auditors   | -  |  |
| For audit  | 0.50   | 1.50   |
|  | <b>15.60</b>                                       | <b>79.93</b>                                       |

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****NOTE 26 Exceptional Items****(Rs.in lakhs)**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs.  | Rs.  |
| Interest capitalized relating to capital work in progress charged off (Refer Note 3(iv))                       | -  | 7,788.56   |
| Pre-operating expenditure capitalized relating to capital work in progress charged off (Refer Note 3(iv))      | -  | 889.78   |
| Inventory relating to capital work in progress charged off (Refer Note 3(iv))                                  | -  | 5,234.68   |
| Impairment of expenditure incurred on land relating to capital work in progress charged off (Refer Note 3(iv)) | -  | 7,800.00   |
| Impairment of expenditure incurred on Fixed assets on account of revaluation in relation to adoption of Ind AS | 6,057.04   |  |
| Provision for diminution in value of investments (Refer Note 4.1(ii))  | 5,615.36   |  |
| Reversal of recompense interest (Refer note below)   |  | (7,630.28)   |
| <b>Total</b>   | <b>11,672.40</b>                                   | <b>14,082.74</b>                                   |

The Company had reversed recompense interest of Rs. 7630.28 lakhs outstanding as at March 31, 2015 because as per master circular of RBI on CDR and also as per the MRA, the liability for the Company to pay recompense interest occurs only when the Company has generated cash surplus after paying out all its obligations. Further, as per the Master Restructuring Agreement under Article VIII para 8.1

**“Right to Recompense**

If, in the opinion of the lenders, the profitability and the cash flows of the Borrower so warrant, the Lenders shall be entitled to receive recompense for the reliefs and sacrifices extended by them within the CDR parameters with the approval of the CDR-Empowered Group.”

Accordingly, as the lenders have not formed any opinion about the profitability and cash flows of the company to service the recompense interest as on date, the need to recognize the recompense interest does not arise. During the year as mentioned in note 13 consortium banks has exited CDR & accordingly, the need for Recompense interest/provision does not arise.”

**NOTE 27 Employee Benefit Plans****Defined contribution plans**

The Company makes payment to Provident Fund and Employee State Insurance Scheme a defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.3,591,927/- (31 March, 2016: Rs.1,862,472 ; 1 April, 2015:Rs.1,895,612) for Provident Fund contributions and Rs.145,493/- (31 March, 2016 : Rs.123,520; 1 April 2015 - Rs. 143,352 ) for Employee State Insurance in the Statement of Profit and Loss. The contribution payable by the Company are at rates specified in the rules of the scheme.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

**Gratuity (Unfunded):**

(Rs.in lakhs)

| Particulars   | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016                                    | For the year ended<br>1 <sup>st</sup> April, 2015 |
|---|--|---|---|
|   | Rs.  | Rs.   | Rs.   |
| Components of employer expense  |  |   |   |
| Current service cost  | 4.55   | 23.51   | 12.77   |
| Interest cost   | 1.42   | 4.12  | 13.02   |
| Actuarial losses/(gains)  | (7.49)   | (55.03)   | (71.84)   |
| Total expense/(Income) recognised<br>in the Statement of Profit and Loss          | <b>(1.51)</b>                                      | <b>(27.39)</b>  | <b>(46.06)</b>                                    |
| <b>Change in defined benefit<br/>obligations (DBO) during the year</b>            |  |   |   |
| Present value of DBO at beginning<br>of the year                                  | 23.51  | 53.00   | 139.80  |
| Current service cost  | 4.55   | 23.51   | 12.77   |
| Interest cost   | 1.42   | 4.12  | 13.02   |
| Actuarial (gains) / losses  | (7.49)   | (55.03)   | (71.84)   |
| Benefits paid   | (9.24)   | (2.10)  | (40.74)   |
| Present value of DBO at the end of<br>the year                                    | <b>12.77</b>                                       | <b>23.52</b>  | <b>53.00</b>                                      |
| <b>Actuarial assumptions</b>  |  |   |   |
| Discount rate   | 7.35%  | 7.50%   | 7.94%   |
| Expected return on plan assets  | NA   | NA  | NA  |
| Salary escalation   | 8.00%  | 8.00%   | 7.00%   |
| Attrition   | 3%   | Past Service :<br>0 to 5 : 3%<br>: 5 to 10 : 2%<br>: 11 to 15 : 1%<br>: 15 to 42 : 1% | 2.00%   |
| <b>Experience Adjustments<br/>(Disclosed to the extent data is<br/>available)</b> |  |   |   |
| Actuarial (Gains) / Losses on<br>Obligations                                      | <b>(7.49)</b>                                      | <b>(58.09)</b>  | <b>(50.31)</b>                                    |

**Notes:**

- The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
- The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

## Actuarial assumptions for long-term compensated absences:

| Particulars                    | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016                                  | For the year ended<br>1 <sup>st</sup> April, 2015 |
|--------------------------------|--|---|---|
|                                | Rs.  | Rs.   | Rs.   |
| Discount rate                  | 7.35%  | 7.50%   | 7.94%   |
| Expected return on plan assets | NA   | NA  | NA  |
| Salary escalation              | 8.00%  | 7.00%   | 7.00%   |
| Attrition                      | 3.00%  | Past Service:0 to 5<br>: 3%<br>: 5 to 10 : 2%<br>: 11 to 15 : 1%<br>: 15 to 42 : 1% | 2.00%   |

## NOTE 28 Contingent Liabilities in respect of which no provision is considered necessary

## Contingent Liabilities

(Rs.in lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March, 2017 | As at<br>31 <sup>st</sup> March, 2016 | For the year ended<br>1 <sup>st</sup> April, 2015 |
|--|---------------------------------------|---------------------------------------|---|
|  | Rs.                                   | Rs.                                   | Rs.   |
| (a) Claims against the Company not acknowledged as debt<br>(Refer note (i) below)                  |                                       |                                       |   |
| Central Excise   | 4,597.73                              | 3,295.15                              | 3,295.15  |
| Customs  | 206.58                                | 28.69                                 | 28.69   |
| Central Sales Tax  | 428.43                                | 700.00                                | 700.00  |
| VAT  | 1,059.33                              | 1,819.29                              | 1,819.29  |
| MSMED  | 17.85                                 |                                       |   |
| (b) Corporate Guarantees given to banks / financial institutions on behalf of subsidiary companies | 125.00                                | 146.67                                | 146.67  |
| c) Recompense interest   | -                                     | 12,778.64                             |   |

## Notes:

- Against the above demands, the Company has paid Rs. 11,432,941 under protest to the various authorities.
- In respect of the above demands disputed by the Company, appeals filed are pending before respective appellate authorities. The Company is of the view that there are reasonable chances of successful outcome of the appeals and accordingly no provision is considered necessary.

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

**Note 29 Disclosure on Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.7

**(a) Financial assets and liabilities**

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2017, 2016, April 1, 2015

**Rs. in Lakhs**

|                              | Amortised cost | FVTPL | FVTOCI | Derivatives designated as hedges | Derivatives designated not as hedges | Total Carrying value | Total fair value |
|------------------------------|----------------|-------|--------|----------------------------------|--------------------------------------|----------------------|------------------|
| <b>Financial Assets</b>      |                |       |        |                                  |                                      |                      |                  |
| Investments                  | 51,198.26      |       |        |                                  |                                      | 51,198.26            | 51,198.26        |
| Trade receivables            | 16,633.98      |       |        |                                  |                                      | 16,633.98            | 16,633.98        |
| Cash and cash equivalents    | 19.90          |       |        |                                  |                                      | 19.90                | 19.90            |
| Loans                        | 97.01          |       |        |                                  |                                      | 97.01                | 97.01            |
| <b>Financial Liabilities</b> |                |       |        |                                  |                                      | -                    |                  |
| Borrowings                   | 69,232.79      |       |        |                                  |                                      | 69,232.79            | 69,232.79        |
| Trade payables               | 3,196.72       |       |        |                                  |                                      | 3,196.72             | 3,196.72         |
| Other Financial Liabilities  | 98,492.50      |       |        |                                  |                                      | 98,492.50            | 98,492.50        |

As at March 31, 2016

|                              | Amortised cost | FVTPL | FVTOCI | Derivatives designated as hedges | Derivatives designated not as hedges | Total Carrying value | Total fair value |
|------------------------------|----------------|-------|--------|----------------------------------|--------------------------------------|----------------------|------------------|
| <b>Financial Assets</b>      |                |       |        |                                  |                                      |                      |                  |
| Investments                  | 53,316.72      |       |        |                                  |                                      | 53,316.72            | 53,316.72        |
| Trade receivables            | 29,131.44      |       |        |                                  |                                      | 29,131.44            | 29,131.44        |
| Cash and cash equivalents    | 154.44         |       |        |                                  |                                      | 154.44               | 154.44           |
| Loans                        | 6.50           |       |        |                                  |                                      | 6.50                 | 6.50             |
| <b>Financial Liabilities</b> |                |       |        |                                  |                                      |                      |                  |
| Borrowings                   | 121,619.49     |       |        |                                  |                                      | 121,619.49           | 121,619.49       |
| Trade payables               | 3,985.73       |       |        |                                  |                                      | 3,985.73             | 3,985.73         |
| Other Financial Liabilities  | 31,025.30      |       |        |                                  |                                      | 31,025.30            | 31,025.30        |

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

As at April 1, 2015

|                              | Amortised cost | FVTPL | FVTOCI | Derivatives designated as hedges | Derivatives designated not as hedges | Total Carrying value | Total fair value |
|------------------------------|----------------|-------|--------|----------------------------------|--------------------------------------|----------------------|------------------|
| <b>Financial Assets</b>      |                |       |        |                                  |                                      |                      |                  |
| Investments                  | 53,316.72      |       |        |                                  |                                      | 53,316.72            | 53,316.72        |
| Trade receivables            | 33,602.73      |       |        |                                  |                                      | 33,602.73            | 33,602.73        |
| Cash and cash equivalents    | 2,777.52       |       |        |                                  |                                      | 2,777.52             | 2,777.52         |
| Loans                        | 1,034.36       |       |        |                                  |                                      | 1,034.36             | 1,034.36         |
| <b>Financial Liabilities</b> |                |       |        |                                  |                                      | -                    | -                |
| Borrowings                   | 125,379.48     |       |        |                                  |                                      | 25,379.48            | 125,379.48       |
| Trade payables               | 11,644.39      |       |        |                                  |                                      | 11,644.39            | 11,644.39        |
| Other Financial Liabilities  | 5,461.19       |       |        |                                  |                                      | 5,461.19             | 5,461.19         |

**C. Financial risk management**

The Company has exposure to the following risk arising from financial instruments:

**▪ Credit risk**

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults.

Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹166 crore, ₹291 crore, ₹336 crore, as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total carrying value of trade receivables. The risk relating to trade receivables are presented in Note 8.

**▪ Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks.

**▪ Market risk**

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The company is not exposed to any market risk for the current year.

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****NOTE 30 Earning and Expenditures in Foreign Currency**

There are no foreign exchange earning or expenditure incurred by the Company during the current and previous financial year.

**NOTE 31 Related party transactions****A. Details of related parties:**

| <b>Description of relationship</b>  | <b>Names of related parties</b>                 |
|---|---|
| (i) Subsidiaries  | Surana Power Limited                            |
|   | Surana Green Power Limited                      |
|   | Surana Mines and Minerals Limited, Singapore    |
|   | Uday Energy Pvt Limited                         |
|   | Surana Holdings Pte Limited                     |
|   |   |
| (ii) Step Down Subsidiaries   | PT Borneo Mines and Minerals Limited, Indonesia |
|   | Surana Green Energy Limited                     |
|   | Power India Pte Limited                         |
|   |   |
| (iii) Key Managerial Personnel  | Shri Dineshchand Surana, Managing Director      |
|   |   |
| (iv) Relative of Key Managerial Personnel   | Shri Rahul Dinesh Surana                        |
| Related parties are as identified by the management and relied upon by the auditors |   |

**“This space is intentionally left blank”**



## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

## B. Details of related party transactions during the year

(Rs.in lakhs)

| Particulars   | As at 31st March, 2017 | As at 31st March, 2016 | As at 1 April ,2015 |
|---|------------------------|------------------------|---------------------|
|   | Rs.in lakhs            | Rs.in lakhs            | Rs. in Lakhs        |
| <b>Surana Mines and Minerals Ltd</b>                          |                        |                        |                     |
| Advance paid  | 10.15                  | -                      |                     |
| Provision for bad and doubtful debts                          |                        | -                      | 283.65              |
| <b>Surana Holding Pte.Ltd</b>                                 |                        |                        |                     |
| Provision for diminution in the value of investments          | -                      | -                      | 2.89                |
| <b>Uday energy Limited</b>                                    |                        |                        |                     |
| Write off of investments                                      | -                      | -                      | 1.00                |
| <b>Surana Power Ltd</b>                                       |                        |                        |                     |
| Advance given   | 87.06                  | -                      | -                   |
| Investments   | 3,500                  | -                      | -                   |
| <b>Remuneration to Key Managerial Personnel</b>               |                        |                        |                     |
| Shri Dineshchand Surana                                       | 24.00                  | 24.00                  | -                   |
| <b>Remuneration to Relative of Key Managerial Personnel</b>   |                        |                        |                     |
| Shri Rahul Dinesh Surana                                      | 30.00                  | 25.40                  | -                   |
| <b>Promoters' Contribution as per the CDR package</b>         |                        |                        |                     |
| Shri Dineshchand Surana                                       | -                      | 3,330.00               | 1,324.35            |
| <b>Shares acquired by promoters (including share premium)</b> |                        |                        |                     |
| Shri Dineshchand Surana                                       | 4,654.35               |                        |                     |

## SURANA INDUSTRIES LIMITED

## Notes forming part of the Standalone financial statements

## C. Balances outstanding at the end of the year

(Rs.in lakhs)

| Particulars  | As at 31st March, 2017 | As at 31st March, 2016 | As at 1 April ,2015 |
|--|------------------------|------------------------|---------------------|
|  | Rs.in lakhs            | Rs.in lakhs            | Rs. in Lakhs        |
| <b>Surana Power Limited</b>                          |                        |                        |                     |
| Investments  | 45,350.00              | 41,850.00              | 41,850.00           |
| <b>Surana Green Power Limited</b>                    |                        |                        |                     |
| Investments  | 5,615.36               | 5,615.36               | 5,615.36            |
| Less:Provisions                                      | (5,615.36)             | -                      |                     |
| <b>Surana Mines and Minerals Ltd</b>                 |                        |                        |                     |
| Investments  | 5,848.26               | 5,958.77               | 5,958.77            |
| Receivables  | -                      | -                      | 283.65              |
| Provision for bad and doubtful debts                 | -                      | -                      | (283.65)            |
| <b>Surana Holding Pte. Ltd</b>                       |                        |                        |                     |
| Investments  | -                      | -                      | 2.89                |
| Provision for diminution in the value of investments | -                      | -                      | (2.89)              |
| <b>Shri Dineshchand Surana</b>                       |                        |                        |                     |
| Interest free unsecured loan                         | -                      | 4,654.35               | 1,324.35            |
| <b>Corporate Guarantee given</b>                     |                        |                        |                     |
| Surana Power Limited                                 | 10,000.00              | 10,000.00              | 10,000.00           |
| Surana Green Power Limited                           | 1,250.00               | 4,667.00               | 4,667.00            |

The term loans from banks and financial institutions have also been secured by the personal guarantee provided by the promoters (Refer Note.13)

## NOTE 32 Earnings Per Share

(Rs.in lakhs)

| Particulars   | "As at 31st March, 2017" | "As at 31st March, 2016" |
|---|--------------------------|--------------------------|
|   | Rs.in lakhs              | Rs.in lakhs              |
| Loss after Tax (Rs.)  | (60,826)                 | (52,572)                 |
| Weighted average number of shares outstanding during the year | 50,910,649               | 44,519,067               |
| Face Value of Share (Rs.)                                     | 10                       | 10                       |
| Basic and Diluted Earnings per share (Rs.)                    | (119.48)                 | (118.09)                 |

Earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**SURANA INDUSTRIES LIMITED**  
**Notes forming part of the Standalone financial statements**

**Diluted EPS:**

As per the MRA, the CDR lenders shall have a right to convert:

- a. Entire / part of WCTL / FITL and / or entire defaulted interest and entire / part of defaulted principal into equity at par in the event of default.
- b. Upto 20% of the term debt outstanding beyond seven years as per SEBI guidelines / loan covenants whichever is applicable, into equity
- c. The entire WCTL / FITL into equity at any time during the restructuring period. As at the Balance Sheet date, the conditions that relate to the conversion of the loans into equity do not exist and no shares have been converted during the year

**NOTE 33 Dues to Micro Small and Medium enterprises**

There are no dues to enterprises as defined under Micro, Small and Medium enterprises Development Act, 2006, as at 31st March 2017 as well as 31st March 2016 except for disputed amount, which is on the basis of such parties having been identified by the management and relied upon by the auditors.

**NOTE 34 Segment Reporting**

The Company is engaged in a single business segment i.e. dealing with iron and steel products primarily in one geographical segment. Accordingly, there are no separate reportable segments as per the Ind AS 108 on Segment reporting.

**NOTE 35 Provisions for contingencies**

The Company has made provision for various disputed liabilities based on its assessment of the amount it estimates to incur to meet such liabilities, as follows

(Rs.in lakhs)

| Particulars  | As at 31st March, 2016 (Rs.) | Additions (Rs.)* | As at 31st March, 2017 (Rs.) |
|--|------------------------------|------------------|------------------------------|
| Provision for contingencies - disputed liabilities | 890.61                       | (29.49)          | 861.12                       |
| (Figures in bracket relates to the previous year)  | (800.00)                     | (90.61)          | (890.61)                     |
|  |                              |                  |                              |
| Particulars  | As at 31st March, 2015 (Rs.) | Additions (Rs.)* | As at 31st March, 2016 (Rs.) |
| Provision for contingencies - disputed liabilities | 800.00                       | (800.00)         | 890.61                       |
| (Figures in bracket relates to the previous year)  | (-)                          | (800.00)         | (800.00)                     |

\* - Includes Rs. 6,111,988 regrouped from Other Current Liabilities during the year ended March 31<sup>st</sup>, 2016.

**SURANA INDUSTRIES LIMITED****Notes forming part of the Standalone financial statements****NOTE 36 SPECIFIED BANK NOTE**

In accordance with the MCA notification G.S.R. 308(E) dated March 30, 2017, details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

|  | <b>SBNs</b> | <b>Other denomination notes</b> | <b>Total</b> |
|--|-------------|---------------------------------|--------------|
| Closing balance in hand as on 08.11.2016 | 17,500      | 5,362                           | 22,862       |
| Add: Permitted receipts                  | -           | 110,000                         | 110,000      |
| Less: Permitted payments                 | 17,500      | 94,848                          | 112,348      |
| Less: Amounts deposited in Banks         | -           | -                               | -            |
| Closing balance in hand as on 30.12.2016 |             | 20,514                          | 20,514       |

**NOTE 37**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

**For V D S R & Co.,**  
Chartered Accountants  
(F.R.No.001626S)

**SATHISH KUMAR R K**  
**Partner -M.No.220263**

Place : Chennai  
Date : May 18, 2017

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

**BABU SRINIVASAN**  
**Chairman**  
**(DIN : 06608264)**

**DINESHCHAND SURANA**  
**Managing Director**  
**(DIN : 00007032)**

**DEVARAJAN K E**  
**Group Chief Accounts Officer**

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SURANA INDUSTRIES LIMITED

#### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Ind AS financial statements of SURANA INDUSTRIES LIMITED (hereinafter referred to as "the Holding company"), and its Subsidiaries (the Holding company and its Subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other Comprehensive income, the Consolidated Cash Flow statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Ind AS financial statements')

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding company, as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting our audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub paragraph (a) of the matters paragraph below, is sufficient and appropriate to provide us a basis for our adverse audit opinion on these consolidated financial statements.

**Basis for Adverse Opinion**

- (i) Attention is invited to Note No. 1.12(b) relating to the 35MW coal fired power plant of a subsidiary, having a carrying value of Rs. 21,830.34 lakhs as at March 31, 2017, has not been operational since July 2013. Further, UCO Bank has issued a notice on August 19, 2015 under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), for discharge of the entire liabilities relating to the said plant. The Group has not adequately determined the recoverable amount of these assets as on March 31, 2017 as required under Ind AS 36 on Impairment of Assets. The independent auditor's report of the subsidiary states that the auditor is unable to comment on the impairment losses, if any, that may arise in respect of the said assets.
- (ii) In respect of 2X210MW power project of Subsidiary.
  - a) Other non-current assets given in Note 5 include dues from subcontractors aggregating to Rs4,057.98 lakhs (previous year: Rs4,057.98 lakhs), representing the amounts taken over from the EPC contractors in an earlier year which are considered good and recoverable by the Management. In the absence of any confirmation from / agreement with these parties, the independent auditor's report of the subsidiary states that the auditor is unable to comment on the adjustments, including provision, if any, that may be required with respect to these advances.
  - b) Trade payables stated in Note 16 include amounts payable to subcontractors aggregating to Rs. 23,695.00 lakhs (previous year: Rs. 23,632.54 lakhs). In the absence of details or confirmations from the parties, the independent auditor's report of the subsidiary states that the auditor is unable to comment on the completeness of these liabilities.

The matters stated in paragraph 2 above were also modified in the previous year's audit report on the consolidated financial statements

- (iii) Attention is invited to Note 6 relating to inventory aggregating to Rs. 15,243.74 lakhs (previous year: Rs17,151.21 lakhs), held by the Holding Company and a subsidiary, wherein the quantity, quality and realizable value were not assessed and determined as at year end. As per Ind AS - 2 on Valuation of Inventories, these inventories should be valued at the lower of cost and net realizable value. In the absence of evidence for physical existence of inventory as at year end and net realizable value of inventory, we are unable to comment on the adjustments that may be required to the carrying values of the inventory. The independent auditor's report of the subsidiary includes a modification in respect of this matter. The Audit Report on the consolidated financial statements for the previous year was also modified in respect of the above matter.
- (iv) In respect of subsidiary, Surana Power Limited has not provided for interest on borrowings and penal interest as per the agreements entered with the following Financial Institutions PTC India Financial services Ltd and L&T for the year ended March 31, 2017. In the absence of information relating to interest and penal interest applicable for the current year ended March 31, 2017, the independent auditor's report of the subsidiary states that the auditor is unable to comment on the completeness of interest and penal interest that may need to be recorded in the financial statements. The amount of interest for the year ended March 31, 2017 computed as per the borrowing rates which prevailed during the previous year ended March 31, 2016 is estimated at Rs. 3077.23 lakhs.
- (v) Attention is invited to Note no 3B in relation to goodwill recognized on consolidation during the year on account of acquisition of a subsidiary Company's shares as part of settlement of dues. Accordingly the consideration attributed in excess of face value has been accounted as goodwill which in our view should

have been impaired as the subsidiary Company's net worth is negative. Consequently the goodwill is stated higher to the extent of Rs 2,650.00 lakhs.

- (vi) Attention is invited to Note 1.10 to the consolidated financial statements regarding preparation of the financial statements of the Group on a going concern basis, notwithstanding the fact that consolidated net worth has been fully eroded as on the Balance Sheet date and the current liabilities of the Group as per the consolidated financial statements exceed the current assets of the Group as on that date.

1) With respect to a subsidiary, Surana Power Limited

- a. As described in Note No. 1.9 to the financial statements, IDBI Bank (the lead bank with respect to the facilities availed by one of the subsidiaries, Surana Power Limited has taken possession of the project assets relating to the 2X210 MW power project, having a carrying value of Rs. 1,25,766.86 lakhs as at March 31, 2017, under SARFAESI on December 21, 2015. These project assets are disclosed under the heading 'Assets Repossessed by Lenders'. Consequent to the possession of these assets being taken over by the lead bank, the subsidiary ceases to have control over such assets and accordingly no longer qualify as asset. Pending disposal of the project assets by the lead bank for discharge of loan liabilities, the independent auditor's report of the subsidiary states that the auditor is unable to determine whether there would be any further financial obligation towards settlement of loan liabilities by the subsidiary and the subsidiary's ability to fulfil such obligation, if any.
- b. As stated in paragraph (1) above, the 35MW coal fired power plant having a carrying value of Rs. 21,830.34 lakhs as at March 31, 2017, which is a subject matter under the SARFAESI Act, has not been operational since July 2013. Pending any further action by UCO Bank in this regard, the independent auditor's report of the subsidiary states that the auditor is unable to determine whether the subsidiary would be able to re-commence its commercial operations in the foreseeable future.

The independent auditor's report of the subsidiary states that the above events indicate that there are multiple material uncertainties for the subsidiary to be able to continue as a going concern and accordingly have stated in their auditor's report that the going concern assumption is not appropriate in respect of this subsidiary.

- 2) The Holding Company has not considered any provision for the likelihood of the devolvment of the financial guarantee of Rs. 10,000 lakhs provided by it to the lenders of the subsidiary. However in the circumstance mentioned above, in our opinion, the Holding Company should have provided for the obligations relating to the financial guarantee provided by them in its standalone financial statements.
- 3) The carrying value of the financial assets as at March 31, 2017 is not measured in accordance with the Ind AS- 109 in respect of Holding company. We are unable to comment on the adjustments that may be required to the carrying values of the financial assets. The Independent Auditors report was modified in respect of the above matter.
- 4) The Holding Company has considered trade receivables outstanding for more than one year of Rs. 11,582.16 Lakhs and capital advances of Rs. 6,170.88 lakhs, as good and recoverable. However, we were unable to confirm or verify, by alternative means, balances of such trade receivables and we are unable to comment on the adjustments that may be required as at March 31, 2017. The Independent Auditors report was modified in respect of the above matter.
- 5) Had the provision been made for the financial liability arising out of the guarantee as referred to in paragraph 5(2) above, and for trade receivables and capital advances as referred to in paragraph 5(4), the loss would have been increased by Rs. 27,768.24 Lakhs and consequently net worth would have been reduced by Rs. 27,768.24 Lakhs respectively.

The ability of the Holding Company to continue as a going concern is significantly dependent on the successful outcome of the ongoing negotiations with the lenders and therefore, we are unable to comment if the going concern assumption is appropriate and any effect of the measurement and classification of assets and liabilities in the Balance Sheet.

The above events indicate that there are multiple material uncertainties for the Group to be able to continue as a going concern and the ability of the Group to continue as a going concern is significantly dependent on bringing in new investors to revive the operations of the Group and successful outcome of the ongoing negotiations with the lenders. Consequently, we are unable to comment if the going concern assumption is appropriate for the Group and any effect it may have on the measurement and classification of assets and liabilities in the Consolidated Balance Sheet.

### **Adverse Opinion**

In our opinion and to the best of our information and according to the explanations given to us, due to the significance of the matters described in the Basis of Adverse Opinion paragraph, the aforesaid consolidated Ind AS financial statements do not give the information required by the Companies Act, 2013 in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, Consolidated Profit and loss Statement including Other Comprehensive Income and their Consolidated cash flows for the year ended on that date.

### **Other Matters**

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs.4987.65 lakhs as at 31st March, 2017, and no revenue was generated during the said period and net cash flows amounting to Rs.2.50 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

We did not audit the financial statements of three overseas subsidiaries whose financial statements reflect total assets of Rs.9718.42 lakhs as at 31st March, 2017, and no revenue was generated during the said period and net cash flows amounting to Rs. (0.20) lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements and other financial information of these subsidiaries have been prepared by the management and our opinion on these consolidated financial statements is based solely on the management accounts.

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

1. As required by Section 143(3) of the Act, based on our audit and the other financial information of subsidiaries, incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b) Except for the effects / possible effects of the matter described in the Basis for Adverse Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance sheet, the Consolidated statement of profit and loss including Other Comprehensive Income, the Consolidated Cash Flow statement and Consolidated Statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statement.
  - d) Except for the effects / possible effects of the matter described in the Basis for Adverse Opinion paragraph above, in our opinion, the aforesaid Ind AS consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.



- e) The matters described in the Basis for Adverse Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
- g) The adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion paragraph above
- h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our Report in “Annexure A”, which is based on the auditors’ reports of the Holding company, subsidiary companies incorporated in India. Our report expresses an adverse opinion on the adequacy and operating effectiveness of the Holding Company’s internal financial controls over financial reporting, an adverse opinion on the adequacy and operating effectiveness of one of the subsidiary company’s incorporated in India internal financial controls over financial reporting as reported by the independent auditors of the subsidiary and an unmodified opinion on the adequacy and operating effectiveness of two of the subsidiary companies ‘incorporated in India internal financial controls over financial reporting
- i) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
  - a) Except for the effects / possible effects of the matter described in the Basis for Adverse Opinion paragraph above the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group
  - b) Except for the effects / possible effects of the matter described in the Basis for Adverse Opinion paragraph above the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India
  - d) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes as defined in as defined in the Notification S.O. 3407(E) dated November 8, 2016 Ministry of Finance during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

**For VDSR & Co.,**  
**Chartered Accountants**  
**(Firm’s Registration No.001626S)**

**Sathish Kumar RK**  
**Partner**  
**(Membership No. 220263)**

Place: Chennai  
 Date : May 18, 2017

**Annexure - A to the Auditors' Report Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Infosys Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Adverse opinion**

With respect to the Holding Company, according to the information and explanations given to us and based on our audit, material weaknesses have been identified as at March 31, 2017, with respect to the Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the going concern assumption, determination of provisions for diminution in the value of investments and accrual for liability arising out of financial guarantee, evaluation of existence and valuation of inventory and determination of completeness of interest liability to banks and financial institutions..

With respect to the subsidiary company, Surana Power Limited, which is a company incorporated in India, according to the information and explanations given to the independent auditors of the subsidiary company, and based on their audit, material weaknesses have been identified as at March 31, 2017, with respect to the Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the going concern assumption, assessment of impairment indicators, assessments of recoverability of loans and advances from sub-contractors, determination of completeness of payables to sub-contractors and interest liability to banks and financial institutions and evaluation of existence and valuation of inventory. In the opinion of the independent auditors, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the subsidiary company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

With respect to two subsidiary companies which are companies incorporated in India, the independent auditors have opined that these subsidiary companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were

operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis

In our opinion, to the best of our information and according to the explanations given to us, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company and its subsidiaries have not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2017, and these material weaknesses have affected our opinion on the said Consolidated Ind AS financial statements of the Company and we have issued an adverse opinion on the Consolidated Ind AS financial statements of the Company.

#### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For VDSR & Co.,  
Chartered Accountants  
(Firm's Registration No.001626S)**

**Sathish Kumar RK  
Partner  
(Membership No. 220263)**

Place: Chennai

Date : May 18, 2017

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Consolidated Balance Sheet as at March 31, 2017, 2016 and April 1, 2015****Rs. in Lakhs**

| <b>Particulars</b>                                     | <b>Note</b> | <b>As at<br/>March 31, 2017</b> | <b>As at<br/>March 31, 2016</b> | <b>As at<br/>April 1, 2015</b> |
|--|-------------|---------------------------------|---------------------------------|--------------------------------|
| <b>ASSETS</b>  |             |                                 |                                 |                                |
| <b>Non-current assets</b>                              |             |                                 |                                 |                                |
| (a) Property, Plant and Equipment                      | 3(A)        | 73,083.91                       | 77,509.32                       | 82,647.16                      |
| (b) Capital work in progress                           | 3(A)        | -                               | -                               | 217,893.94                     |
| (c) Goodwill   | 3(B)        | 3,700.77                        | 1,074.93                        | 973.96                         |
| (d) Other Intangible assets                            | 3(C)        | 1,643.33                        | 1,523.20                        | 1,523.20                       |
| (e) Financial Assets                                   |             |                                 |                                 |                                |
| (i) Investments  | 4           | -                               | -                               | 3.09                           |
| (f) Other non-current assets                           | 5           | 16,198.31                       | 24,366.55                       | 23,658.40                      |
| <b>Total Non current assets (A)</b>                    |             | <b>94,626.32</b>                | <b>104,474.00</b>               | <b>326,699.75</b>              |
| <b>Current assets</b>                                  |             |                                 |                                 |                                |
| (a) Assets repossessed by lenders                      |             | 125,766.86                      | 125,766.86                      | -                              |
| (b) Inventories  | 6           | 15,262.84                       | 17,633.75                       | 29,368.61                      |
| (c) Financial Assets                                   |             |                                 |                                 |                                |
| (i) Trade receivables                                  | 7           | 16,987.37                       | 29,504.07                       | 33,936.96                      |
| (ii) Cash and cash equivalents                         | 8           | 36.67                           | 168.71                          | 2,814.44                       |
| (d) Other current assets                               | 9           | 2,350.09                        | 2,343.12                        | 8,525.31                       |
| <b>Total Current assets (B)</b>                        |             | <b>160,403.83</b>               | <b>175,416.52</b>               | <b>74,645.31</b>               |
| <b>Total Assets (A+B)</b>                              |             | <b>255,030.15</b>               | <b>279,890.52</b>               | <b>401,345.06</b>              |
| <b>EQUITY AND LIABILITIES</b>                          |             |                                 |                                 |                                |
| <b>EQUITY</b>  |             |                                 |                                 |                                |
| (a) Equity Share capital                               | 10          | 5,091.06                        | 4,451.91                        | 4,451.91                       |
| (b) Other Equity                                       |             |                                 |                                 |                                |
| (i) Equity attributable to shareholders of the company | 11          | (172,940.82)                    | (82,970.47)                     | 34,921.88                      |
| Non Controlling interest                               |             | 639.34                          | 590.33                          | 3,555.03                       |
| <b>Total Equity (C)</b>                                |             | <b>(167,210.41)</b>             | <b>(77,928.23)</b>              | <b>42,928.82</b>               |
| <b>LIABILITIES</b>                                     |             |                                 |                                 |                                |
| <b>Non-current liabilities</b>                         |             |                                 |                                 |                                |
| (a) Financial Liabilities                              |             |                                 |                                 |                                |
| (i) Borrowings   | 12          | 1,515.31                        | 75,229.90                       | 247,557.56                     |
| (ii) Trade payables                                    | 13          | -                               | -                               | 5,877.64                       |
| (b) Provisions   | 14          | 1,093.37                        | 1,128.81                        | 9,517.77                       |
| <b>Current liabilities</b>                             |             |                                 |                                 |                                |
| (a) Financial Liabilities                              |             |                                 |                                 |                                |
| (i) Borrowings   | 15          | 71,245.28                       | 51,043.31                       | 41,362.22                      |
| (ii) Trade payables                                    | 16          | 27,427.77                       | 28,255.52                       | 36,500.73                      |
| (iii) Other financial liabilities                      | 17          | 308,526.31                      | 199,697.63                      | 15,498.07                      |
| (b) Deferred tax liability                             |             | 1,388.53                        | 1,388.53                        | 1,313.90                       |
| (c) Other current liabilities                          | 18          | 3,161.42                        | 796.58                          | 635.05                         |
| (d) Provisions   | 19          | 7,882.57                        | 278.47                          | 153.30                         |
| <b>Total Liabilities (D)</b>                           |             | <b>422,240.56</b>               | <b>357,818.75</b>               | <b>358,416.24</b>              |
| <b>Total Equity and Liabilities (C+D)</b>              |             | <b>255,030.15</b>               | <b>279,890.52</b>               | <b>401,345.06</b>              |

The Notes referred to above form an integral part of these Financial Statements

**In terms of our report attached****for V D S R & Co.,****Chartered Accountants****(F.R.No. 001626S)****SATHISH KUMAR R.K.****Partner M.No. 220263**

Place : Chennai

Date : May 18, 2017

**for and on behalf of the Board of Directors****BABU SRINIVASAN**  
Chairman**DINESHCHAND SURANA**  
Managing Director**DEVARAJAN K.E.**  
Group Chief Accounts Officer

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Consolidated Statement of Profit and loss for the year ended 31<sup>st</sup> March, 2017 and 2016****Rs. in Lakhs**

| <b>Particulars</b>  | <b>Note</b> | <b>For the Year ended<br/>March 31, 2017</b> | <b>For the Year ended<br/>March 31, 2016</b> |
|---|-------------|--|--|
| <b>REVENUE</b>  |             |  |  |
| (a) Revenue from operations (Gross)   | 20          | 6,841.35                                     | 61,954.08                                    |
| (b) Other income  | 21          | 307.57                                       | 1,125.00                                     |
| <b>Total income [1(a) + (b)]</b>  |             | <b>7,148.92</b>                              | <b>63,079.08</b>                             |
| <b>Expenses</b>   |             |  |  |
| (a) Cost of materials consumed  | 22 A        | 1,776.72                                     | 10,710.82                                    |
| (b) Purchases of Stock in trade (Traded goods)                                    | 22 B        | 3,728.16                                     | 51,961.64                                    |
| (c) Changes in inventories of finished goods, work in progress and stock-in-trade | 22 C        | 6,102.03                                     | 9,700.12                                     |
| (d) Employee benefits expense   | 23          | 595.94                                       | 687.49                                       |
| (e) Finance Costs   | 24          | 31,728.89                                    | 16,851.20                                    |
| (f) Depreciation and amortisation expense   | 3           | 5,145.65                                     | 5,408.01                                     |
| (g) Excise duty   |             | 517.47                                       | 1,792.66                                     |
| (h) Other expenses  | 25          | 13,505.45                                    | 6,783.45                                     |
| <b>Total expenses [ 3(a) to 3(h)]</b>   |             | <b>63,100.31</b>                             | <b>103,895.40</b>                            |
| <b>Profit /Loss before exceptional items and tax[3-4]</b>                         |             | <b>(55,951.39)</b>                           | <b>(40,816.32)</b>                           |
| <b>Exceptional items</b>  | <b>26</b>   | <b>43,951.79</b>                             | <b>80,938.18</b>                             |
| <b>Profit/(loss) before tax[5-6]</b>  |             | <b>(99,903.18)</b>                           | <b>(121,754.50)</b>                          |
| <b>Tax expenses</b>   |             |  |  |
| a) Current tax  |             | -  | -  |
| b) Deferred tax   |             | -  | -  |
| <b>Total tax expenses [8(a) to 8(b)]</b>  |             | <b>-</b>                                     | <b>-</b>                                     |
| <b>Net Profit/(loss) for the period [7-8]</b>                                     |             | <b>(99,903.18)</b>                           | <b>(121,754.50)</b>                          |
| <b>Other Comprehensive income</b>   |             |  |  |
| A (i) Items will not be reclassified to profit or loss                            |             |  |  |
| (ii) Income tax relating to items that will not be classified to profit or loss   |             |  |  |
| B (i) Items will be reclassified to profit or loss                                |             |  |  |
| (ii) Income tax relating to items that will be classified to profit or loss       |             |  |  |
| <b>Total comprehensive income [9+10]</b>  |             | <b>(99,903.18)</b>                           | <b>(121,754.50)</b>                          |
| Net Profit/(loss) attributable  |             |  |  |
| Shareholders of the company   |             | (99,900.82)                                  | (121,751.58)                                 |
| Non controlling interests   |             | (2.36)                                       | (2.92)                                       |
|   |             | (99,903.18)                                  | (121,754.50)                                 |
| <b>Earnings per Share (for continuing operation)- Basic &amp; Diluted</b>         |             |  |  |
| (i) Basic   |             | (196.23)                                     | (273.49)                                     |
| (ii) Diluted  |             | (196.23)                                     | (273.49)                                     |

The Notes referred to above form an integral part of these Financial Statements

**In terms of our report attached****for V D S R & Co.,****Chartered Accountants****(F.R.No. 001626S)****SATHISH KUMAR R.K.****Partner M.No. 220263**

Place : Chennai

Date : May 18, 2017

**for and on behalf of the Board of Directors****BABU SRINIVASAN****Chairman****DEVARAJAN K.E.****Group Chief Accounts Officer****DINESHCHAND SURANA****Managing Director**

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017**

| <b>Particulars</b>  | <b>For the Year Ended<br/>31<sup>st</sup> March 2017</b> |                  | <b>For the Year Ended<br/>31<sup>st</sup> March 2016</b> |                   |
|---|--|------------------|--|-------------------|
|   | <b>Rs.</b>   | <b>Rs.</b>       | <b>Rs.</b>   | <b>Rs.</b>        |
| <b>A. Cash flow from operating activities</b>                           |  |                  |  |                   |
| <b>Loss for the year before exceptional items and tax</b>               |  | (55,951.39)      |  | (40,816.35)       |
| <b>Add: Exceptional Items</b>   |  |                  |  |                   |
| Interest capitalized relating to CWIP charged off                       |  | -                |  | 68,475.79         |
| Pre-operating expenditure capitalized relating to CWIP charged off      |  | -                |  | 7,657.45          |
| Inventory relating to CWIP charged off                                  |  | -                |  | 5,234.68          |
| Impairment of expenditure incurred on land relating to CWIP charged off |  | 11,672.40        |  | 7,800.00          |
| Investment provision made   |  | -                |  |                   |
| Reversal of recompense interest   |  | 37,894.75        |  | (8,229.74)        |
| Provision reversal on account of consolidation                          |  | 5,615.36         |  |                   |
| Loss for the year before tax and after exceptional item                 |  | (99,303.18)      |  | (121,754.53)      |
| <b>Adjustments for:</b>   |  |                  |  |                   |
| Depreciation expense  | 5,163.62   |                  | 5,408.01   |                   |
| Finance costs   | 31,603.65  |                  | 16,559.57  |                   |
| Interest income   | -  |                  | (53.73)  |                   |
| Dividend income   | -  |                  | (0.12)   |                   |
| Liabilities no longer required written back                             | (82.49)  |                  | (771.59)   |                   |
| Provision for doubtful trade receivables, loans and advances            | -  |                  | 3,373.48   |                   |
| Trade receivables written off   | 12,087.43  |                  | 68.73  |                   |
| Provision for diminution in value of investments                        | -  |                  | -  |                   |
| Provision for contingencies   | -  |                  | 29.49  |                   |
| Profit on sale of asset   | (0.24)   |                  | -  |                   |
| Provision for employee benefits   | -  |                  | (29.88)  |                   |
| Interest capitalized charged off  | -  |                  | 60,687.22  |                   |
| Interest capitalized relating to CWIP charged off                       | 37,234.53  |                  | 7,788.56   |                   |
| Pre-operating expenditure capitalized relating to CWIP charged off      | -  |                  | 7,657.45   |                   |
| Impairment of fixed assets  | 6,057.04   |                  | -  |                   |
| Loss on fixed assets due to vardah cyclone                              | 21.09  |                  | -  |                   |
| Prior period expenses   | 17.40  |                  | -  |                   |
| Inventory relating to CWIP charged off                                  | -  |                  | 5,234.68   |                   |
| Impairment of expenditure incurred on land relating to CWIP charged off | -  |                  | 7,800.00   |                   |
| Reversal of recompense interest   | 655.50   |                  | (8,229.74)   |                   |
| Loss on sale / write off of assets                                      |  |                  | 7.86   |                   |
|   |  | <u>92,757.53</u> |  | <u>105,529.98</u> |

| <b>SURANA INDUSTRIES LIMITED</b><br>CIN : L27104TN1991PLC020533                        |  |                   |  |                     |
|--|--|-------------------|--|---------------------|
| <b>Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017</b> |  |                   |  |                     |
| <b>Particulars</b>   | <b>For the Year Ended<br/>31<sup>st</sup> March 2017</b> |                   | <b>For the Year Ended<br/>31<sup>st</sup> March 2016</b> |                     |
|  | <b>Rs.</b>   | <b>Rs.</b>        | <b>Rs.</b>   | <b>Rs. in Lakhs</b> |
| <b>Operating loss before working capital changes</b>                                   |  | <b>(7,145.64)</b> |  | <b>(16,224.55)</b>  |
| Changes in working capital:  |  |                   |  |                     |
| Adjustments for (increase) / decrease in operating assets:                             |  |                   |  |                     |
| Inventories  | 6,247.03   |                   | 14,741.60  |                     |
| Trade receivables  | 334.11   |                   | 1,169.72   |                     |
| Short term loans and advances  | (25.07)  |                   | 6,138.87   |                     |
| Long term loans and advances   | 115.13   |                   | (5,951.52)   |                     |
|  |  | <b>6,671.20</b>   |  | <b>16,098.67</b>    |
| Adjustments for increase / (decrease) in operating liabilities:                        |  |                   |  |                     |
| Trade payables   | (855.10)   |                   | (7,671.22)   |                     |
| Short Term Provisions  | 404.92   |                   | 90.30  |                     |
| Other current liabilities  | (6,213.16)   |                   | 220.71   |                     |
| Other long term liabilities  | -  |                   | (5,877.64)   |                     |
| Long term provisions   | (35.44)  |                   | (19.23)  |                     |
|  |  | <b>(6,698.78)</b> |  | <b>(13,257.09)</b>  |
| <b>Cash generated from operations</b>  |  | <b>(7,173.22)</b> |  | <b>(13,382.97)</b>  |
| Net income tax paid  |  | 4.95              |  | (15.21)             |
| <b>Net cash flow used in operating activities (A)</b>                                  |  | <b>(7,168.28)</b> |  | <b>(13,398.18)</b>  |
| <b>B. Cash flow from investing activities</b>  |  |                   |  |                     |
| Capital expenditure on fixed assets, including capital advances                        | -  |                   | 4,810.01   |                     |
| Proceeds from sale of fixed assets / Capital Work in Progress                          | 51.24  |                   | 816.03   |                     |
| Purchase of non current investment   | 3.09   |                   | -  |                     |
| Bank balances not considered as Cash and cash equivalents matured during the year      | -  |                   | 0.02   |                     |
| Movement in Bank deposits (See Note 1 below)   | 81.32  |                   | 736.48   |                     |
| Realisation from advances  | 29.40  |                   |  |                     |
| Interest received from banks   | 0.01   |                   | 53.73  |                     |
| Dividend received from investments   |  |                   | 0.12   |                     |
| <b>Net cash flow from / (used in) investing activities (B)</b>                         |  | <b>165.07</b>     |  | <b>6,416.40</b>     |
| <b>C. Cash flow from financing activities</b>  |  |                   |  |                     |
| Proceeds from short-term borrowings  | (24.48)  |                   | 830.00   |                     |
| Proceeds from other long-term borrowings   | -  |                   | -  |                     |
| Repayment of long-term borrowings  | (2,013.53)   |                   | 9,588.36   |                     |
| Net increase in working capital borrowings   | 9,012.40   |                   | (1.88)   |                     |
| Dividend paid  | -  |                   | (252.41)   |                     |
| Proceeds / (Repayment) from Bank Borrowings  | (21.90)  |                   | (5,089.63)   |                     |
| Finance costs (includes borrowing costs capitalised )                                  |  |                   |  |                     |
| <b>Net cash flow from financing activities (C)</b>                                     |  | <b>6,952.49</b>   |  | <b>5,074.43</b>     |



| <b>SURANA INDUSTRIES LIMITED</b><br>CIN : L27104TN1991PLC020533<br><b>Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017</b> |   |              |   |              |
|---|---|--------------|---|--------------|
| Particulars   | For the Year Ended<br>31 <sup>st</sup> March 2017 | Rs.          | For the Year Ended<br>31 <sup>st</sup> March 2016 | Rs.          |
|   |   | Rs.          |   | Rs.          |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>   |   | (50.76)      |   | (1,907.35)   |
| Cash and cash equivalents at the beginning of the year  |   | 71.08        |   | 1,978.43     |
| <b>Cash and cash equivalents at the end of the year</b>   |   | <b>20.32</b> |   | <b>71.08</b> |
| <b>Notes</b>  |   |              |   |              |
| <b>1. Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>   |   |              |   |              |
| Cash and cash equivalents (Refer Note 8)  | 29.65   |              |   | 154.44       |
| Less : Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer Note 8)                                   | 9.33  |              |   | 88.34        |
| <b>Cash and cash equivalents at the end of the year</b>   |   | <b>20.32</b> |   | <b>66.10</b> |
| <b>2. Disclosure of non cash adjustments:</b>   |   |              |   |              |
| (a) Unsecured long term borrowings adjusted against trade receivables   |   |              |   | -            |
| (b) Unsecured long term borrowings adjusted against trade payable   |   |              |   | -            |
| (c) Unsecured long term borrowings adjusted against other long term liabilities   |   |              |   | -            |
| (d) Long term capital advances adjusted against trade payable   |   |              |   | -            |
| (e) Conversion of interest into borrowings  |   |              |   | 2,475.67     |
| (f) Conversion of borrowings to capital   | 4,654.35  |              |   | -            |
| (g) Capitalization of interest  | -   |              |   | -            |
| (h) Purchase of investments without payment of consideration in cash  | 3,500.00  |              |   | -            |
| (i) Transfer of stocks from capital work in progress to inventory (net of provision)  |   |              |   | 3,037.60     |

The Notes referred to above form an integral part of these Financial Statements

**As per our report of even date attached**

**for V D S R & Co.,**  
**Chartered Accountants**  
**(F.R.No. 001626S)**

**SATHISH KUMAR R.K.**  
**Partner M.No. 220263**

Place : Chennai  
Date : May 18, 2017

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

**BABU SRINIVASAN**  
**Chairman**

**DINESHCHAND SURANA**  
**Managing Director**

**DEVARAJAN K.E.**  
**Group Chief Accounts Officer**

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Consolidated Statement of Chages in Equity****(a) Equity Share Capital****(Rs.in lakhs)**

|  | <b>As at March 31, 2017</b> |          | <b>As at March 31, 2016</b> |          | <b>As at 1 April 2015</b> |          |
|--|-----------------------------|----------|-----------------------------|----------|---------------------------|----------|
|  | No. of shares               | Amount   | No. of shares               | Amount   | No. of shares             | Amount   |
| Balance at the beginning of the reporting period Balance | 44,519,067                  | 4,451.91 | 44,519,067                  | 4,451.91 | 44,519,067                | 4,451.91 |
| Changes in equity share capital during the year          | 6,391,582                   | 639.16   | -                           | -        | -                         | -        |
| Balance at the end of the reporting period               | 50,910,649                  | 5,091.06 | 44,519,067                  | 4,451.91 | 44,519,067                | 4,451.91 |

**(b) Other equity****Following are the changes in other equity for the year ended 31 March 2017:****(Rs.in lakhs)**

|   | <b>Reserves and surplus</b> |                        |                          | <b>Foreign currency translation reserve</b> | <b>Revaluation Reserve</b> | <b>Total</b> |
|---|-----------------------------|------------------------|--------------------------|---|----------------------------|--------------|
| <b>PARTICULARS</b>  | <b>Securities Premium</b>   | <b>General Reserve</b> | <b>Retained Earnings</b> |   |                            |              |
| <b>BALANCE AS ON 31.03.2016</b>                           | 79,997.12                   | 2,843.19               | (168,370.54)             | 1,979.14                                    | 580.63                     | (82,970.47)  |
| Changes for the equity for the year ended 31st March 2017 | -                           | -                      | -                        | -   | -                          | -            |
| Shares Issued during the year                             | 4,015.19                    | -                      | -                        | -   | -                          | 4,015.19     |
| Reserve transfer/ utilised during the period              | -                           | -                      | 5,615.36                 | 883.31                                      | (580.63)                   | 5,918.04     |
| Loss transferred during the year                          | -                           | -                      | (99,903.18)              | -   | -                          | (99,903.18)  |
| <b>BALANCE AS ON 31.03.2017</b>                           | 84,012.31                   | 2,843.19               | (262,658.36)             | 2,862.45                                    | -                          | (172,940.42) |

**Following are the changes in other equity for the year ended 31 March 2017:****(Rs.in lakhs)**

|   | <b>Reserves and surplus</b> |                        |                          | <b>Foreign currency translation reserve</b> | <b>Revaluation Reserve</b> | <b>Total</b> |
|---|-----------------------------|------------------------|--------------------------|---|----------------------------|--------------|
| <b>PARTICULARS</b>  | <b>Securities Premium</b>   | <b>General Reserve</b> | <b>Retained Earnings</b> |   |                            |              |
| <b>BALANCE AS ON 01.04.2015</b>                           | 79,997.12                   | 2,843.19               | (49,447.43)              | 948.37                                      | 580.63                     | 34,921.87    |
| Changes for the equity for the year ended 31st March 2016 | -                           | -                      | -                        | -   | -                          | -            |
| Transfer to reserve                                       | -                           | -                      | 2,831.38                 | 1,030.77                                    | -                          | 3,862.15     |
| Loss transferred during the year                          | -                           | -                      | (121,754.50)             | -   | -                          | (121,754.50) |
| <b>BALANCE AS ON 31.03.2016</b>                           | 79,997.12                   | 2,843.19               | (168,370.54)             | 1,979.14                                    | 580.63                     | (82,970.47)  |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****3(A) PROPERTY PLANT AND EQUIPMENT****(Rs. in lakhs)**

|   | Freehold Land - Refer note (i) below | Leasehold Land - Refer note (ii) below | Buildings - Refer note (iii) below | Plant and equipment | Furniture and fixtures | Vehicles | Computers | Total      |
|---|--------------------------------------|--|------------------------------------|---------------------|------------------------|----------|-----------|------------|
| Cost/Deemed cost as at April 1, 2016          | 8,450.47                             | 1,481.70                               | 16,123.66                          | 94,215.97           | 247.92                 | 292.42   | 282.90    | 121,095.04 |
| Additions                                     | -                                    | -                                      | -                                  | 872.43              | -                      | -        | 3.27      | 875.70     |
| Disposals                                     | -                                    | -                                      | -                                  | -                   | -                      | 2.52     | -         | 2.52       |
| Cost/Deemed cost as at March 31, 2017         | 8,450.47                             | 1,481.70                               | 16,123.66                          | 95,088.41           | 247.92                 | 289.90   | 286.17    | 121,968.22 |
| Accumulated Impairment as at April 1, 2016    | 7,800.00                             |  |                                    |                     |                        |          |           | 7,800.00   |
| Charge for the year                           |                                      |  |                                    | 7,472.45            |                        | 21.89    | 25.61     | 7,519.95   |
| Other reclassifications                       |                                      |  |                                    |                     |                        |          |           | -          |
| Accumulated Impairment as at March 31, 2017   | 7,800.00                             | -                                      | -                                  | 7,472.45            | -                      | 21.89    | 25.61     | 15,319.96  |
| Accumulated Depreciation as at April 1, 2016  | -                                    | 149.98                                 | 3,732.23                           | 31,323.93           | 88.59                  | 237.05   | 253.95    | 43,154.68  |
| Charge for the year                           | -                                    | 65.49                                  | 565.66                             | 4,483.24            | 21.48                  | 8.13     | 1.65      | 5,145.65   |
| Loss on account of Vardha                     |                                      |  | 7.19                               | 13.90               |                        |          |           | 21.09      |
| Disposals                                     |                                      |  |                                    |                     |                        | 2.11     |           | 2.11       |
| Accumulated depreciation as at March 31, 2017 | -                                    | 215.46                                 | 4,305.09                           | 35,821.07           | 110.07                 | 243.07   | 255.60    | 40,898.91  |
| Net carrying value as at March 31, 2016       | 650.46                               | 1,331.72                               | 12,391.43                          | 62,892.05           | 159.33                 | 55.36    | 28.96     | 77,509.32  |
| Net carrying value as at March 31, 2017       | 650.47                               | 1,266.24                               | 11,818.57                          | 59,180.86           | 137.85                 | 24.94    | 4.97      | 73,083.91  |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****PROPERTY PLANT AND EQUIPMENT****(Rs. in lakhs)**

|  | Freehold<br>Land -<br>Refer note<br>(i) below | Leasehold<br>Land -<br>Refer note<br>(ii) below | Buildings<br>- Refer<br>note (iii)<br>below | Plant and<br>equipment | Furniture<br>and<br>fixtures | Vehicles      | Computers     | Total             |
|--|---|---|---|------------------------|------------------------------|---------------|---------------|-------------------|
| <b>Capital work in progress as at March 31,2016</b>  |   |   |   |                        |                              |               |               | -                 |
| <b>Capital work in progress as at March 31,2017</b>  |   |   |   |                        |                              |               |               | -                 |
| <b>Cost/Deemed cost as at April 1, 2015</b>          | 650.47  | 1,481.70  | 16,123.66                                   | 93,942.95              | 255.10                       | 302.56        | 282.90        | 113,039.35        |
| Additions  | 7,800   |   |   | 277.58                 |                              | 0.61          |               | 8,078.18          |
| Disposals  |   |   |   | 4.56                   | 7.18                         | 10.75         |               | 22.49             |
| Adjustments on arising on reclassification of assets |   |   |   |                        |                              |               |               |                   |
| <b>Cost /Deemed cost as at March 31,2016</b>         | <b>8,450.47</b>                               | <b>1,481.70</b>                                 | <b>16,123.66</b>                            | <b>94,215.97</b>       | <b>247.92</b>                | <b>292.42</b> | <b>282.90</b> | <b>121,095.04</b> |
| <b>Accumulated Impairment as at April 1, 2015</b>    |   |   |   |                        |                              |               |               |                   |
| Charge for the year                                  | 7,800.00                                      |   |   |                        |                              |               |               | 7,800.00          |
| Other reclassifications                              |   |   |   |                        |                              |               |               |                   |
| <b>Accumulated Impairment as at March 31,2016</b>    | <b>7,800.00</b>                               | <b>-</b>  | <b>-</b>                                    | <b>-</b>               | <b>-</b>                     | <b>-</b>      | <b>-</b>      | <b>7,800.00</b>   |
| <b>Accumulated Depreciation as at April 1, 2015</b>  |   | 84.48   | 3,184.67                                    | 26,631.02              | 69.81                        | 190.57        | 231.63        | 30,392.19         |
| Charge for the year                                  | -   | 65.50   | 547.56                                      | 4,696.63               | 22.40                        | 53.30         | 22.32         | 5,408.01          |
| Other adjustments                                    |   |   |   | 4.02                   | 3.63                         | 6.82          |               | 14.46             |
| Disposals  |   |   |   |                        |                              |               |               |                   |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****PROPERTY PLANT AND EQUIPMENT**

| PROPERTY PLANT AND EQUIPMENT                  |                                      |  |                                    |                     |                        |          |           |            | (Rs. in lakhs) |
|---|--------------------------------------|--|------------------------------------|---------------------|------------------------|----------|-----------|------------|----------------|
|   | Freehold Land - Refer note (i) below | Leasehold Land - Refer note (ii) below | Buildings - Refer note (iii) below | Plant and equipment | Furniture and fixtures | Vehicles | Computers | Total      |                |
| Accumulated depreciation as at March 31, 2016 | -                                    | 149.98                                 | 3,732.23                           | 31,323.93           | 88.59                  | 237.05   | 253.95    | 43,154.68  |                |
| Net carrying value as at April 1, 2015        | 650.47                               | 1,397.22                               | 12,938.99                          | 67,311.93           | 185.29                 | 112.00   | 51.27     | 82,647.16  |                |
| Net carrying value as at March 31, 2016       | 650.46                               | 1,331.73                               | 12,391.43                          | 62,892.25           | 159.33                 | 55.36    | 28.96     | 77,509.32  |                |
| Capital work in progress as at April 1, 2015  |                                      |  |                                    |                     |                        |          |           | 217,893.94 |                |
| Capital work in progress as at March 31, 2016 |                                      |  |                                    |                     |                        |          |           |            |                |

**Notes:**

- i) Freehold land represents land at Raichur purchased from Karnataka Industrial Area Development Board for which title is yet to be transferred to the Company even though all the covenants for transfer of ownership has been fully complied with.
- ii) Represents land at Gummidipoondi taken on lease from SIPCOT for a period of 99 years
- iii) Building includes superstructures constructed on land owned by the company and on leasehold land
- iv) The company has adopted Ind AS notified under Companies (Indian Accounting Standards) Rules 2015, as amended by the companies (Indian Accounting Standards) (Amendment) Rules 2016 being mandatory requirement under Ind AS 101 - First Time Adoption of Indian Accounting Standards. Accordingly, the Plant & equipment has been valued by an Independent Technical Expert and the same has been adopted by the company.
- Pursuant to the adoption of Ind AS as required by Ind AS 101 - First Time Adoption of Indian Accounting Standards, the Plant and Equipment are depreciated and Impaired based on the valuation by Independent Technical expert. Impairment loss for the year Rs.7501.99 lakhs debited to Profit & Loss account of adjusting accumulated revaluation reserve of Rs.1444.94 lakhs amounts to Rs. 6057.04 lakhs. The depreciation expense is lower by after Rs.202.53 lakhs consequent to adoption of Ind AS.
- v) During the year, the company incurred a loss of Rs. 21.06 lakhs damaged caused due to vardah cyclone. The heavy wind & water intruded inside the factory have damaged company's assets which became beyond repairs. The company claim with insurance company for loss incurred is under process with insurer.
- vi) Capital work in progress represents the expenditure incurred on Pelletisation and Benefication ("P&B") project at Raichur which has been shelved. Consequently, the following expenditure has been charged off to the Statement of Profit and Loss and disclosed as an Exceptional Item (Refer Note 24) during the year 2016:
  - a) interest capitalized on the said project amounting to Rs.7788.56 lakhs;
  - b) pre-operative expenditure amounting to Rs. 889.78 lakhs;

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

- c) Land development cost amounting to Rs. 7799.99 lakhs has been impaired during the year ended March 31, 2016 as per Accounting Standard 28 (AS 28) on Impairment of Assets; and
- d) Inventory (net of provision of Rs. 5234.68 lakhs which has been disclosed as an Exceptional Item) was transferred to inventory from capital work in progress to stock in trade.
- vii) With respect to subsidiary Surana Green Power Limited amount of Rs. 2058 lakhs paid to SBI Term Loan A/c No. 33109028135 on January 6, 2017 for closure of loan from the advance received from its sale of 7 windmill, transfer & title is under progress and hence windmill assets are shown in the books.
- viii) Refer to Note 13 for security and charge on fixed assets.

**3(B) GOODWILL****Rs. in Lakhs**

|   | <b>Total</b>    |
|---|-----------------|
| <b>Cost/Deemed cost as at April 1, 2016</b>         | 1,074.93        |
| Additions*  | 2,650.00        |
| Other adjustments                                   | (24.17)         |
| Disposals   | -               |
| <b>Cost /Deemed cost as at March 31,2017</b>        | <b>3,700.77</b> |
| <b>Accumulated Amortisation as at April 1, 2016</b> | <b>-</b>        |

|   | <b>Total</b>    |
|---|-----------------|
| <b>Cost/Deemed cost as at April 1, 2015</b>         | 973.96          |
| Additions   | -               |
| Other adjustments                                   | 100.97          |
| Disposals   | -               |
| <b>Cost /Deemed cost as at March 31, 2016</b>       | <b>1,074.93</b> |
| <b>Accumulated Amortisation as at April 1, 2016</b> | <b>-</b>        |

\*During the year, the Company acquired the 85 Lakhs shares of Rs. 10/- each from minority shareholders of M/s Surana Power Limited through exercise of lien on the shares held towards balance due from the Contractor for a sum of Rs. 3,500.00 Lakhs. Accordingly, the difference amount paid of Rs. 2,650.00 Lakhs is considered as goodwill.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****3(C) OTHER INTANGIBLE ASSETS****Rs. in Lakhs**

|  | <b>Total</b>    |
|--|-----------------|
| <b>Cost/Deemed cost as at April 1, 2016</b>          | <b>1,523.20</b> |
| Additions  | -               |
| Other adjustments                                    | 120.13          |
| Disposals  | -               |
| <b>Cost /Deemed cost as at March 31,2017</b>         | <b>1,643.33</b> |
| <b>Accumulated Amortisation as at April 1, 2016</b>  | <b>-</b>        |
| Charge for the year                                  | -               |
| Other adjustments                                    | -               |
| <b>Accumulated Amortisation as at March 31, 2017</b> | <b>-</b>        |
| Charge for the year                                  | -               |
| Disposals  | -               |
| <b>Accumulated Amortisation as at March 31,2017</b>  | <b>-</b>        |
| <b>Net carrying value as at March 31, 2016</b>       | <b>1,523.20</b> |
| <b>Net carrying value as at March 31,2017</b>        | <b>1,643.33</b> |

|  | <b>Total</b>    |
|--|-----------------|
| <b>Cost/Deemed cost as at April 1, 2015</b>          | <b>1,523.20</b> |
| Additions  | -               |
| Disposals  | -               |
| Adjustments on arising on reclassification of assets | -               |
| <b>Cost /Deemed cost as at March 31,2016</b>         | <b>1,523.20</b> |
| <b>Accumulated Amortisation as at April 1, 2015</b>  | <b>-</b>        |
| Charge for the year                                  | -               |
| Other adjustments                                    | -               |
| <b>Disposals</b>                                     | <b>-</b>        |
| Accumulated Amortisation as at March 31,2016         | -               |
| Net carrying value as at April 1, 2015               | 1,523.20        |
| <b>Net carrying value as at March 31,2016</b>        | <b>1,523.20</b> |
| <b>Net carrying value as at March 31, 2016</b>       | <b>1,523.20</b> |
| <b>Net carrying value as at March 31,2017</b>        | <b>1,643.33</b> |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 4 INVESTMENTS****Rs. in Lakhs****NON CURRENT INVESTMENTS**

| Particulars   | As at 31st March 2017 |          |       | As at 31st March 2016 |          |       | As at 31st March 2015 |          |             |
|---|-----------------------|----------|-------|-----------------------|----------|-------|-----------------------|----------|-------------|
|   | Quoted                | Unquoted | Total | Quoted                | Unquoted | Total | Quoted                | Unquoted | Total       |
| <b>Non Trade Investment (at cost)</b>   |                       |          |       |                       |          |       |                       |          |             |
| Investment in equity shares   |                       |          |       |                       |          |       |                       |          |             |
| (a) 13,333 (13,333) equity shares of Rs.10 each fully paid up in PNB Glits Ltd            | -                     | -        | -     | -                     | -        | -     | 3.00                  | -        | 3.00        |
| (b) 1,500 (1500) equity shares of Rs. 10 each fully paid up in Punjab National Bank (PNB) | -                     | -        | -     | -                     | -        | -     | 0.09                  | -        | 0.09        |
| <b>Total</b>  | -                     | -        | -     | -                     | -        | -     | <b>3.09</b>           | -        | <b>3.09</b> |

**Notes**

| (A) Carrying Value of Quoted Investment |               | As at 31st March 2017 |                             |                    | As at 31st March 2016 |                             |                    | As at 31st March 2015 |                             |                    |
|---|---------------|-----------------------|-----------------------------|--------------------|-----------------------|-----------------------------|--------------------|-----------------------|-----------------------------|--------------------|
| Description                             | No. of Shares | Cost Price (Rs.)      | Market Value per Unit (Rs.) | Market Value (Rs.) | Cost Price (Rs.)      | Market Value per Unit (Rs.) | Market Value (Rs.) | Cost Price (Rs.)      | Market Value per Unit (Rs.) | Market Value (Rs.) |
| PNB Glits Ltd                           | 13,333        | -                     | -                           | -                  | -                     | -                           | -                  | 300,000               | 29.80                       | 397,323            |
| Punjab National Bank (PNB)              | 1,500         | -                     | -                           | -                  | -                     | -                           | -                  | 9,300                 | 144.40                      | 216,600            |

During the year, the company has transferred 13333 PNB Glits Ltd Shares and 1500 PNB shares as part of settlement of dues.

“This space is intentionally left blank”



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 5 OTHER NON CURRENT ASSETS****Rs. in Lakhs**

| <b>Particulars</b>   | <b>As at 31st March 2017</b> | <b>As at 31st March 2016</b> | <b>As at April 1 2015</b> |
|--|------------------------------|------------------------------|---------------------------|
| <b>Capital Advances (Refer Notes (A) and (B) below)</b>                      |                              |                              |                           |
| Unsecured, considered good   | 10,228.86                    | 18,281.96                    | 23,256.57                 |
| Unsecured, considered doubtful   | -                            | 40.04                        |                           |
| Less: Allowance for credit loss  | -                            | -40.04                       |                           |
| <b>Other than capital advance</b>  |                              |                              |                           |
| <b>Security deposits</b>   |                              |                              |                           |
| Unsecured, considered good   | 132.00                       | 115.39                       | 282.48                    |
| Unsecured, considered doubtful   | 2.31                         | 268.84                       |                           |
| Less: Allowance for credit loss  | -2.31                        | -268.84                      |                           |
| Advance Income tax   | 4.89                         | 4.89                         | 4.89                      |
| Disputed Sales tax amount deposited under protest, Unsecured considered good | 114.33                       | 114.54                       | 114.54                    |
| Others, Unsecured considered good  | 5,718.24                     | 5,849.77                     |                           |
| <b>Total</b>   | <b>16,198.31</b>             | <b>24,366.55</b>             | <b>23,658.40</b>          |

**Notes :**

(A) Capital advance includes an amount paid towards construction of the P&B project of Rs. 4142.95 lakhs (As at March 31, 2016: Rs. 12196.04 lakhs; April 1 2015 - Rs. 18775.85 lakhs). The company has entered into a MoU dated 31st March 2015 with the EPC Contractor VINAYAGA INFRA LIMITED (VIL for recovering the advances. Based on the MoU, the company has collateralized the said dues by shares of the company held by them as investment, land banks and factory buildings as a security for repayment. The company during the year has recovered a total sum of Rs. 8053 lakhs that includes 8,500,000 shares of Surana Power Limited for a consideration of Rs. 3500 lakhs and stock amounting to Rs. 4523.50 lakhs that was held as collateral under the MOU. As the recovery from the party have been faster than anticipated and the advance being collateralized, the company is confident of recovering the balance amount in full and accordingly no provision has been considered necessary in this regard.

**(B) With respect to Subsidiary Company M/s. Surana Power Limited**

- (i) In November 2010, the Company had entered into agreements with seven main contractors for Engineering, Procurement and Construction Contracts ("EPC contract") for the construction of the 2 X 210 MW power plant. The main contractors had in-turn entered into back to back contracts with other subcontractors for supply of materials, delivery, installation and erection services at the project site.
- (ii) Consequent to the termination of the EPC contracts as mentioned above, the Company took over the following balances from the main contractors :
- a) mobilisation advances paid to sub contractors amounting to Rs. 403,437,995 (March 31, 2016 - Rs. 403,437,995; April 1 2015 - Rs. 403,437,995) disclosed as capital advances above;
  - b) trade payables amounting to Rs.311,747,212 (March 31 2016 -Rs.314,147,212 ; April 1 2015 - Rs.314,147,212) and retention money amounting to Rs Rs 66,132,136 (March 31 2016 - Rs 66,132,136 ; April 1 2015 - Rs 66,132,136) payable to sub contractors - (disclosed under Trade Payables - Refer Note 17)

The Company also initiated a process of direct negotiations and entering into agreements with the sub contractors to resume the project, for which formal contracts are yet to be executed. The Management is of the opinion that the mobilisation advances are collectable / adjustable on resumption of 2 X 210 MW project, and no provision is considered necessary for the said advances. In respect of trade payables and retention money payable, the Management is of the view that there are no further amounts payable to subcontractors other than those given in (b) above. (Also refer Note 27).

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 6 INVENTORIES****Rs. in Lakhs**

| <b>Particulars</b>   | <b>As at 31st March 2017</b> | <b>As at 31st March 2016</b> | <b>As at April 1 2015</b> |
|--|------------------------------|------------------------------|---------------------------|
| Raw materials  | 367.23                       | 7,298.05                     | 12,111.27                 |
| Less: Stock of coal transferred to Stock-in-trade  | -                            | (6,075.94)                   | (7,023.31)                |
|  | <b>367.23</b>                | <b>1,222.12</b>              | <b>5,087.95</b>           |
| Finished goods (other than those acquired for trading)   | 84.16                        | 641.14                       | 1,860.50                  |
| Stock-in-trade (acquired for trading)  | 3,651.90                     | 39.24                        | 7,572.63                  |
| Add: Trading stock transferred from CWIP to inventory (Net of provision of Rs. 523,468,151. Refer Note 3(A)) | -                            | 3,037.60                     |                           |
| Add: Stock of coal transferred from Raw materials  |                              | 6,075.94                     | 7,023.31                  |
| - Stock lying with third party   | 4,523.70                     |                              |                           |
|  | <b>8,259.76</b>              | <b>9,793.91</b>              | <b>16,456.44</b>          |
| Stores & spares  | 6,635.85                     | 6,617.71                     | 7,824.22                  |
|  |                              | -                            |                           |
| <b>Total</b>   | <b>15,262.84</b>             | <b>17,633.75</b>             | <b>29,368.61</b>          |

**Notes:****(i) With respect to the company**

During the year the Finished goods stock (other than those acquired for trading) and Stock in Trade (acquired for trading) have been provided to the extent of Rs. 5592.37 lakhs and 584.22 lakhs respectively arising on account of deterioration, obsolescence and quality issues identified on a scientific and technical basis (previous year Rs. 5234.68 Lakhs) . The management is of the opinion post the said provisioning the stocks reflects the realizable value. With regards to Stock lying with third party please refer to Note No. 5(A)

**(ii) with respect to Subsidiary Company M/s. Surana Power Limited**

The Company during the year had taken efforts to segregate certain stores and spares held in common facility shared with its holding company. On possession of the premises relating to the 2\* 210 MW power project by the IDBI bank the many of the segregated stocks which we were lying in the said premises formed part of the possessed stock. Consequently the process of segregation could not be fully completed and yearend inventory verification could not be completed. The company however of the opinion that these stocks can be always put into use on recommencement of the operations of the 35MW power plant .

**(ii) with respect to Subsidiary Company M/s. Surana Green Power Limited**

During the year the stocks have been provided to the extent of Rs. 17.17 lakhs arising on account of deterioration, obsolescence.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 7 TRADE RECEIVABLES****Rs. in Lakhs**

| <b>Particulars</b>                | <b>As at 31st March, 2017</b>   | <b>As at 31st March, 2016</b>  | <b>As at April 1, 2015</b>   |
|-----------------------------------|---------------------------------|--------------------------------|------------------------------|
| Unsecured, considered good        | 16,987.37                       | 29,504.07                      | 33,936.96                    |
| Considered doubtful               | 16,056.25                       | 3,929.06                       | 445.41                       |
| Less: Allowance for credit losses | <b>33,043.62</b><br>(16,056.25) | <b>33,433.14</b><br>(3,929.06) | <b>34,382.37</b><br>(445.41) |
|                                   | <b>16,987.37</b>                | <b>29,504.07</b>               | <b>33,936.96</b>             |
| <b>Total</b>                      | <b>16,987.37</b>                | <b>29,504.07</b>               | <b>33,936.96</b>             |

(i) Movements in allowance for provision for receivables is as below:

|   | <b>Year ended March 31, 2017</b> | <b>Year ended March 31, 2016</b> |
|---|----------------------------------|----------------------------------|
| <b>Balance at the beginning of the year</b> | <b>3,929.06</b>                  | <b>445.41</b>                    |
| Charge in the statement of profit and loss  | 12,127.19                        | 3,483.65                         |
| Release to statement of profit and loss     |                                  |                                  |
| Utilised during the year                    |                                  |                                  |
| <b>Balance at the end of the year</b>       | <b>16,056.25</b>                 | <b>3,929.06</b>                  |

(ii) Ageing of trade receivables and credit risk arising there from is as below:

**As at March 31, 2017**

|                       | <b>Gross credit risk</b> | <b>Provisions</b> | <b>Net credit risk</b> |
|-----------------------|--------------------------|-------------------|------------------------|
| Past due 1–30 days    | 102.05                   |                   | 102.05                 |
| Past due 31–90 days   | 4,688.23                 |                   | 4,688.23               |
| Past due 91–180 days  | 156.60                   |                   | 156.60                 |
| Past due 181–365 days | 416.06                   | 311.11            | 104.95                 |
| More than 365 days    | 27,680.68                | 15,745.14         | 11,935.54              |
|                       | <b>33,043.62</b>         | <b>16,056.25</b>  | <b>16,987.37</b>       |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****As at March 31, 2016****Rs. in Lakhs**

|                       | <b>Gross credit risk</b> | <b>Provisions</b> | <b>Net credit risk</b> |
|-----------------------|--------------------------|-------------------|------------------------|
| Past due 1–30 days    |                          |                   |                        |
| Past due 31–90 days   | 14,349.32                |                   | 14,349.32              |
| Past due 91–180 days  | 12,711.02                |                   | 12,711.02              |
| Past due 181–365 days | 566.63                   | 311.11            | 255.52                 |
| More than 365 days    | 5,806.17                 | 3,617.95          | 2,188.23               |
|                       | <b>33,433.14</b>         | <b>3,929.06</b>   | <b>29,504.07</b>       |

**As at April 1, 2015**

|                       | <b>Gross credit risk</b> | <b>Provisions</b> | <b>Net credit risk</b> |
|-----------------------|--------------------------|-------------------|------------------------|
| Past due 1–30 days    | 13,336.14                |                   | 13,336.14              |
| Past due 31–90 days   | 10,228.87                |                   | 10,228.87              |
| Past due 91–180 days  | 8,592.96                 |                   | 8,592.96               |
| Past due 181–365 days | 256.34                   |                   | 256.34                 |
| More than 365 days    | 1,968.06                 | 445.41            | 1,522.65               |
|                       | <b>34,382.37</b>         | <b>445.41</b>     | <b>33,936.96</b>       |

(iii) There are no outstanding debts due from directors or other officers of the Company.

**NOTE 8 CASH AND CASH EQUIVALENTS**

| <b>Particulars</b>                   | <b>As at 31st March, 2017</b> | <b>As at 31st March, 2016</b> | <b>As at April 1, 2015</b> |
|--------------------------------------|-------------------------------|-------------------------------|----------------------------|
|                                      | <b>Rs.</b>                    | <b>Rs.</b>                    | <b>Rs.</b>                 |
| <b>Cash on hand</b>                  | 2.90                          | 1.05                          | 1.00                       |
| <b>Balances with banks</b>           |                               |                               |                            |
| (i) In current accounts              | 17.42                         | 70.03                         | 1,977.42                   |
| (ii) Restricted bank balances        | -                             | -                             | 0.02                       |
| <b>Earmarked balances with Banks</b> | 16.35                         | 97.63                         | 835.99                     |
| <b>Total</b>                         | <b>36.67</b>                  | <b>168.71</b>                 | <b>2,814.44</b>            |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 9 Other Current assets****Rs. in Lakhs**

| Particulars  | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1, 2015 |
|--|------------------------|------------------------|---------------------|
|  | Rs.                    | Rs.                    | Rs.                 |
| (i) Balance with Government authorities            |                        |                        |                     |
| Unsecured, considered good                         |                        |                        |                     |
| (i) CENVAT credit receivable                       | 887.31                 | 849.47                 | 938.36              |
| (ii) VAT credit receivable                         | 185.99                 | 187.25                 | 197.15              |
| (iii) Service Tax credit receivable                | 1,117.82               | 1,119.10               | 1,025.62            |
| Unsecured, considered doubtful                     | 68.75                  | 50.00                  |                     |
| Less: Provision for CENVAT & VAT Credit Receivable | (68.75)                | (50.00)                |                     |
|  | <b>2,191.12</b>        | <b>2,155.82</b>        | <b>2,161.13</b>     |
| (ii) Others (Unsecured, considered good)           |                        |                        |                     |
| (a) Prepaid Expenses                               | 11.33                  | 5.02                   | 5.58                |
| (b) Loans and Advances to suppliers                | 132.98                 | 47.20                  | 2,068.72            |
| (c) Others   | 14.66                  | 135.08                 | 4,289.87            |
| <b>Total</b>                                       | <b>2,350.09</b>        | <b>2,343.12</b>        | <b>8,525.31</b>     |

**NOTE 10 EQUITY****Rs. In Lakhs**

| Particulars                                 | As at 31st March, 2017 |                 | As at 31st March, 2016 |                 | As at April 1, 2015 |                 |
|---|------------------------|-----------------|------------------------|-----------------|---------------------|-----------------|
|   | No. of Shares          | Rs.             | No. of Shares          | Rs.             | No. of Shares       | Rs.             |
| <b>Authorised</b>                           |                        |                 |                        |                 |                     |                 |
| Equity shares of Rs 10 each                 | 70,000,000             | 7,000.00        | 70,000,000             | 7,000.00        | 70,000,000          | 7,000.00        |
| <b>Issued, subscribed and fully paid up</b> |                        |                 |                        |                 |                     |                 |
| Equity shares of Rs.10 each                 | 50,910,649             | 5,091.06        | 44,519,067             | 4,451.91        | 44,519,067          | 4,451.91        |
| <b>Total</b>                                | <b>50,910,649</b>      | <b>5,091.06</b> | <b>44,519,067</b>      | <b>4,451.91</b> | <b>44,519,067</b>   | <b>4,451.91</b> |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

(Refer Notes (A) and (B) below).

**Notes:****(A) (i) Reconciliation of number of shares outstanding at the beginning and at the end of the year****Equity Shares****(Rs.in lakhs)**

| Particulars                                     | Period Ended<br>31.03.2017 |          | Period Ended<br>31.03.2016 |          | Period Ended<br>01.04.2015 |          |
|---|----------------------------|----------|----------------------------|----------|----------------------------|----------|
|   | No. of<br>Shares           | Rs.      | No. of<br>Shares           | Rs.      | No. of<br>Shares           | Rs.      |
| Shares outstanding at the beginning of the year | 44,519,067                 | 4,451.91 | 44,519,067                 | 4,451.91 | 44,519,067                 | 4,451.91 |
| Shares Issued during the year                   | 6,391,582                  | 639.16   | -                          | -        | -                          | -        |
| Shares outstanding at the end of the year       | 50,910,649                 | 5,091.06 | 44,519,067                 | 4,451.91 | 44,519,067                 | 4,451.91 |

**ii) Rights preference and restrictions attached to the shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**iii) Shareholders holding more than 5 percent shares in the Company:**

| Name of shareholders                          | At at 31st March, 2017 |        | At at 31st March, 2016 |        | At at April 1, 2015   |        |
|---|------------------------|--------|------------------------|--------|-----------------------|--------|
|   | No. of<br>Shares held  | Rs.    | No. of<br>Shares held  | Rs.    | No. of<br>Shares held | Rs.    |
| Dineshchand Surana<br>(Refer Note (iv) below) | 11,468,458             | 22.53% | 5,076,876              | 11.40% | 5,076,875             | 11.40% |
| G.R Surana                                    | 5,076,875              | 9.97%  | 5,076,875              | 11.40% | 5,076,875             | 11.40% |
| Shantilal Surana                              | 5,076,875              | 9.97%  | 5,076,875              | 11.40% | 5,076,876             | 11.40% |
| Vijayraj Surana                               | 5,076,876              | 9.70%  | 5,076,876              | 11.40% | 5,076,876             | 11.40% |
| Indiastar (Mauritus) Ltd                      |                        |        | 9,669,067              | 21.72% | 9,669,067             | 21.72% |
| Vinayaga Infra Ltd                            |                        |        | 2,578,311              | 5.79%  | 2,578,311             | 5.79%  |
| BLS Power Solution Ltd                        | 3,200,000              | 6.29%  | 3,200,000              | 7.19%  | 3,200,000             | 7.19%  |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

(iv) As per the Corporate Debt Restructuring (CDR) Scheme empowered by the CDR Empowered Group (CDR EG), the Allotment Committee of Board of Directors had allotted 63,91,582 equity shares of Rs.10 each @ 72.82 (including a premium of Rs.62.82) to SHRI DINESH CHAND SURANA. As per regulation 31(2) of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the listed entities are required to maintain the shareholding of promoters in hundred percent dematerialized form. However, post issue process of listing of share are pending with stock exchange due to legal / technical issue pending for approval from consortium bankers.

**(B) with respect to Subsidiary Company M/s. Surana Power Limited**

The company has entered into a MOU dated 31st March 2015 with the EPC Contractor VINAYAGA INFRA LIMITED (VIL )for recovering the advances.Based on the MOU, the company has collateralized the said dues by shares of the company held by them as investment, land banks and factory buildings as a security for repayment. The company during the year has recovered a total sum of Rs. 8,053 lakhs that includes 8,500,000 shares of Surana Power Limited for a consideration of Rs.3,500 lakhs and stock amounting to Rs. 4,523.70 lakhs that was held as collateral under the MOU. Company has received notice of these shares being taken over by Surana Industries Limited, but transfer of title of these shares to Surana Industries Limited is still pending for went of clearance from the existing holders lenders.

“This space is intentionally left blank”

## SURANA INDUSTRIES LIMITED

CIN : L27104TN1991PLC020533

## Notes forming part of the Consolidated financial statements

## NOTE 11 EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Rs. in Lakhs

| Particulars   | As at 31st March 2017 | As at 31st March 2016 | As at April 2015 |
|---|-----------------------|-----------------------|------------------|
|   | Rs.                   | Rs.                   | Rs.              |
| <b>Securities premium account</b>   | 79,997.12             | 79,997.12             | 79,997.12        |
| Add: Transferred / Utilized during the year   | 4,015.19              |                       |                  |
|   | 84,012.31             | 79,997.12             | 79,997.12        |
| <b>Revaluation reserve</b>  |                       |                       |                  |
| Opening Balance   | 580.63                | 580.63                | 580.63           |
| Add: Transferred / Utilized during the year   | -580.63               | -                     |                  |
|   | -                     | 580.63                | 580.63           |
| <b>General reserve</b>  | 2,843.19              | 2,843.19              | 2,843.19         |
| <b>(Deficit) / Surplus in Statement of Profit and Loss</b>  |                       |                       |                  |
| Opening Balance   | (168,370.55)          | (49,447.43)           | (3,679.39)       |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets with Nil remaining useful life (Refer Note 13 & 34) | -                     | -                     | (646.82)         |
| Less: Loss for the year   | (99,903.18)           | (121,754.50)          | -43,881.05       |
| Less: Previous year adjustments of P & L  | -0.39                 | (0.17)                |                  |
| Less: Transfer to reserves  | -                     | (128.62)              |                  |
| Add: Reversal of Proposed Dividend relating to 2012-13  | -                     | -                     |                  |
| Add: Provision for Diminution for value of Investment   | 5,615.36              | -                     |                  |



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| <b>Adjustments on consolidation:</b>   |                     |                     |                    |
| Add: Minority Interest in Subsidiary Company   | -                   | 1.12                |                    |
| Less: Share of losses (including deferred tax liability of Rs. 141,136,775 relating to prior years) of a subsidiary company debited to Minority interest absorbed by the Holding Company | -                   | -                   | (1,282.75)         |
| Share of Losses of minority in a subsidiary company absorbed by the Holding Company in previous year now transferred to minority of the subsidiary company                               | -                   | -2,959.04           |                    |
| Add: Share of pre acquisition losses of subsidiary company transferred to Minority interest on sale of shares  |                     | -                   | 42.58              |
|  | <b>(262,658.76)</b> | <b>(168,370.55)</b> | <b>(49,447.43)</b> |
| <b>Foreign Currency Translation Reserve</b>  |                     |                     |                    |
| Closing balance  | 2,862.45            | 1,979.14            | 948.37             |
| <b>Total</b>   | <b>(172,940.82)</b> | <b>(82,970.47)</b>  | <b>34,921.88</b>   |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 12 BORROWINGS****Rs. in Lakhs**

| <b>Particulars</b>   | <b>As at 31st March, 2017</b> | <b>As at 31st March, 2016</b> | <b>As at April 1, 2015</b> |
|--|-------------------------------|-------------------------------|----------------------------|
| <b>Term loans</b>  |                               |                               |                            |
| <b>Secured Borrowings</b>  |                               |                               |                            |
| From Banks   | -                             | 69,496.03                     | 185,384.83                 |
| From Financial Institution   | 1,515.31                      | -                             | 40,483.45                  |
| Foreign Currency Term Loan from Financial Institutions   | -                             | -                             | 15,647.70                  |
|  | <b>1,515.31</b>               | <b>69,496.03</b>              | <b>241,515.98</b>          |
| <b>Other loans</b>   |                               |                               |                            |
| <b>Unsecured Borrowings</b>  |                               |                               |                            |
| Interest free loan from a promoter towards priority debt and lender's sacrifice as per CDR package | -                             | 4,654.35                      | 1,324.35                   |
| Interest free unsecured inter-corporate deposits from other parties                                | -                             | -                             | 2,500.00                   |
| Intercompany loans   | -                             | -                             | 1,137.71                   |
| Loans from financial institution   | -                             | 1,079.52                      | 1,079.52                   |
|  | -                             | <b>5,733.87</b>               | <b>6,041.58</b>            |
|  |                               |                               |                            |
| <b>Total</b>   | <b>1,515.31</b>               | <b>75,229.90</b>              | <b>247,557.56</b>          |

**Notes :**

The Master Restructuring Agreement (MRA) was executed between the Holding Company, the Monitoring Institution (IDBI Bank) and the CDR Lenders on 24th March, 2014 in order to give effect to the Corporate Debt Restructuring Package (CDR Package) as approved by the CDR Empowered Group (CDR EG) on 7th March, 2014 and Letter of Approval (LOA) was issued on 13th March, 2014. (Also refer Note 1). Pursuant to the MRA, all loans carry an interest of 11% per annum (Previous year 11% per annum).

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

The terms of restructuring as per Letter of Approval referred to in Note above are as follows:

| <b>Facilities</b>   | <b>Outstanding as at June 1, 2013 (in Crores)</b> | <b>Moratorium</b>   | <b>Period</b>   |
|---|---|---|---|
| Term Loan I   | 156.37  | Principal and interest moratorium 25 months i.e., from June 1, 2013 to June 30, 2015. Interest to be converted to Funded Interest Term Loan ("FITL") - II.                        | 31 Structured Quarterly installments from September 2015 to March 2023. |
| Term Loan IFCI  | 53.33   | Principal and interest moratorium 25 months i.e., from June 1, 2013 to June 30, 2015. Interest to be converted into Term Loan - II.   | 31 Structured Quarterly installments from September 2015 to March 2023. |
| Term Loan II (Pellet Project Loan)                            | 184.77  | Principal and interest moratorium 6 months from revised Date of Commencement of Commercial Operations ("DCCO") i.e., April 1, 2016 to FITL VI. Interest to be serviced post DCCO. | 26 Structured Quarterly installments from December 2016 to March 2023.  |
| Working Capital Term Loan - I (Principal overdue of IFCI)     | 103.08  | Principal moratorium 25 months from Cut off Date ("COD") and interest to be converted into FITL III for the period of 25 months i.e. from June 1, 2013 to June 30, 2015.          | 20 Structured Quarterly installments from September 2015 to March 2020. |
| WCTL - II (LC devolved + Post COD devolved + CC irregularity) | 175.95  | Principal moratorium 25 months from COD and interest to be converted into FITL IV for the period of 25 months i.e. from June 1, 2013 to June 30, 2015.                            | 20 Structured Quarterly installments from September 2015 to March 2020. |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

|  |       |   |   |
|--|-------|---|---|
| FITL - I (pre COD interest of IFCI)          | 12.17 | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due. (refer to note (iv) below). | 2 Structured Annual installments in June 2014 and June 2015.            |
| FITL II - Interest on TL I and IFCI loan     | 48.06 | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             | 19 Structured Quarterly installments from September 2015 to March 2020. |
| FITL III - Interest funding on WCTL I        | 23.62 | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             | 19 Structured Quarterly installments from September 2015 to March 2020. |
| FITL IV - Interest funding on WCTL II        | 37.53 | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             | 19 Structured Quarterly installments from September 2015 to March 2020. |
| FITL V - Interest funding on working capital | 35.86 | Principal moratorium 25 months from June 1, 2013 to June 30, 2015. Interest to be paid as and when due.                             | 19 Structured Quarterly installments from September 2015 to March 2020. |
| FITL VI - Interest on Pellet Project loan    | 57.59 | Principal moratorium 34 months from COD till March 31, 2016.  | 16 Structured Quarterly installments from June 2016 to March 2020.      |
| Priority Loan                                | 41.72 | Principal moratorium 34 months from COD till March 31, 2016.  | 24 Structured Quarterly installments from June 2016 to March 2022.      |

**Other conditions:**

- Working capital (Fund based and Non-Fund based) of Rs. 401.58 crores - Reduction in margin stock and book debts to 15% and increase in cover period of receivables from 120 days to 180 days.
- Balance requirement of Rs. 474.91 crores for pellet project loan - this amount is to be tied up with lenders by December 2014 or promoters to induct a Joint Venture partner to fund it. Refer to Note 1.7 on the status of the P&B project and the decision taken by the Company to shelve the project.

**Security****I. Term Loans (including WCTL and FITL from banks and financial institution are secured by way of :**

- First charge on all movable and immovable fixed assets of the Company (present and future) on pari passu basis.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

- b) Second charge on entire current assets of the Company including raw materials, stock in progress, finished goods and receivables on pari-passu basis.
- c) Non disposal undertaking from the promoters to the effect that their equity shareholding in the Company remains at least 30% during the currency of the facility.
- d) Pledge of 100% of promoter and promoter group holdings in the Company in favour of lending institutions.
- e) Personal Guarantee of the promoters.
- f) Priority loan to have priority share on the Pre Trust & Retention Account (“TRA”)/ TRA cash flows of the Company.
- g) First pari passu charge on the commercial property held in the name of the Company located at Basavangadi, Bangalore on pari passu basis with term loan and working capital lenders in lieu of release of the equitable mortgage of certain agricultural land belonging to the promoters and a wind mill property belonging to a subsidiary company.

**The additional security provided to a Financial Institution are as follows:**

- a) Pledge of 60 Million equity shares of Surana Power Limited, a subsidiary
- b) Mortgage of 29.12 acres of agricultural land belonging to a shareholder
- c) Corporate Guarantee given by a shareholder
- d) Pledge of 16,072,526 number of equity shares of Surana Mines and Minerals Limited, a subsidiary

**Terms of repayment****iii) Terms of repayment**

A.1) Repayment Schedule of Term Loan from Banks for the year ended March 31, 2017

**(Rs.in lakhs)**

| <b>Year</b>  | <b>Term Loan</b> | <b>FITL</b>   | <b>WCTL</b>   | <b>Priority Loan</b> | <b>Total</b>  |
|--|------------------|---------------|---------------|----------------------|---------------|
| 2015-16  | 626              | 875           | 1,408         | -                    | 2,909         |
| 2016-17  | 1,674            | 1,178         | 1,409         | 75                   | 4,336         |
| 2017-18  | 2,787            | 2,256         | 2,642         | 190                  | 7,875         |
| 2018-19  | 3,408            | 4,138         | 4,404         | 190                  | 12,139        |
| 2019-20  | 3,779            | 5,346         | 4,404         | 253                  | 13,782        |
| 2020-21  | 5,112            | -             | 3,348         | 253                  | 8,713         |
| 2021-22  | 8,179            | -             | -             | 304                  | 8,482         |
| 2022-23  | 8,514            | -             | -             | -                    | 8,514         |
|  | <b>34,078</b>    | <b>13,794</b> | <b>17,615</b> | <b>1,265</b>         | <b>66,751</b> |
| Add: Interest accrued                                      |                  |               |               |                      | 7,962         |
| Less: Current Maturities of Long Term Debt (Refer Note 18) | 34,078           | 13,794        | 17,615        | 1,265                | 74,714        |
| <b>TOTAL</b>   | -                | -             | -             | -                    | -             |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****A.2) Repayment Schedule of Term Loan from Banks for the year ended March 31, 2016****(Rs.in lakhs)**

| <b>Year</b>  | <b>Term Loan</b> | <b>FITL</b>   | <b>WCTL</b>   | <b>Priority Loan</b> | <b>Total</b>  |
|--|------------------|---------------|---------------|----------------------|---------------|
| 2015-16  | 626              | 875           | 1,408         | -                    | 2,909         |
| 2016-17  | 1,674            | 1,178         | 1,409         | 75                   | 4,336         |
| 2017-18  | 2,787            | 2,256         | 2,642         | 190                  | 7,875         |
| 2018-19  | 3,408            | 4,138         | 4,404         | 190                  | 12,139        |
| 2019-20  | 3,779            | 5,346         | 4,404         | 253                  | 13,782        |
| 2020-21  | 5,112            | -             | 3,348         | 253                  | 8,713         |
| 2021-22  | 8,179            | -             | -             | 304                  | 8,482         |
| 2022-23  | 8,514            | -             | -             | -                    | 8,514         |
|  | <b>34,078</b>    | <b>13,794</b> | <b>17,615</b> | <b>1,265</b>         | <b>66,751</b> |
| Add: Interest accrued                                      |                  |               |               |                      | 8,057         |
| Less: Current Maturities of Long Term Debt (Refer Note 18) | 2,300            | 2,053         | 2,817         | 75                   | 7,245         |
| <b>TOTAL</b>   | <b>31,778</b>    | <b>11,740</b> | <b>14,798</b> | <b>1,190</b>         | <b>67,563</b> |

**B) Terms Loans from Financial Institution****B.1) Repayment Schedule of Term Loan from Financial Institutions for the year ended March 31, 2017****(Rs.in lakhs)**

| <b>Year</b>  | <b>Term Loan</b> | <b>FITL</b>  | <b>WCTL</b>   | <b>Total</b>  |
|--|------------------|--------------|---------------|---------------|
| 2015-16  | 213              | 1,504        | 825           | 2,542         |
| 2016-17  | 320              | 287          | 825           | 1,431         |
| 2017-18  | 320              | 537          | 1,546         | 2,404         |
| 2018-19  | 533              | 1,075        | 2,577         | 4,185         |
| 2019-20  | 533              | 1,397        | 2,577         | 4,507         |
| 2020-21  | 800              | -            | 1,959         | 2,759         |
| 2021-22  | 1,280            | -            | -             | 1,280         |
| 2022-23  | 1,333            | -            | -             | 1,333         |
|  | <b>5,333</b>     | <b>4,800</b> | <b>10,308</b> | <b>20,441</b> |
| <b>Year</b>  | <b>Term Loan</b> | <b>FITL</b>  | <b>WCTL</b>   | <b>Total</b>  |
| 2015-16  | 213              | 1,504        | 825           | 2,542         |
| 2016-17  | 320              | 287          | 825           | 1,431         |
| 2017-18  | 320              | 537          | 1,546         | 2,404         |
| 2018-19  | 533              | 1,075        | 2,577         | 4,185         |
| 2019-20  | 533              | 1,397        | 2,577         | 4,507         |
| 2020-21  | 800              | -            | 1,959         | 2,759         |
| 2021-22  | 1,280            | -            | -             | 1,280         |
| 2022-23  | 1,333            | -            | -             | 1,333         |
|  | <b>5,333</b>     | <b>4,800</b> | <b>10,308</b> | <b>20,441</b> |
| Add: Interest accrued                                      |                  |              |               | 3,330         |
| Less: Current Maturities of Long Term Debt (Refer Note 10) | 5,333            | 4,800        | 10,308        | 23,772        |
| <b>TOTAL</b>   | <b>-</b>         | <b>-</b>     | <b>-</b>      | <b>-</b>      |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

- a) The repayments as per iii(A) and iii(B) above are to be made in structured quarterly instalments.
- b) The above repayment schedules are after considering the moratorium periods allowed under the CDR package, wherever applicable.
- iv) As per CDR package, the loan installments were due for repayment from September 2015. The Company had sought extension for repayment of loan from the lenders and Corporate Debt Restructuring – Empowered Group (CDR-EG) due to inadequate cash flows, decision on which has not yet been taken. The efforts of the lenders to undertake Strategic Debt Restructuring (SDR) by converting a portion of their loan into equity also did not fructify and accordingly the Company was instructed to identify investors. As the consortium could not accept the initial terms of offer made by the strategic partners / investors, the account has been classified as Non Performing Asset (NPA) by the banks and have not charged interest thereof for the subsequent period. Further, the consortium of lenders vide JLM dated 14.07.2016 & 27.09.2016 had recommended exit from CDR to CDR-EG. The confirmation on exit of CDR has been received from lenders vide communication dated 03.11.2016. IDBI lead bank for all the loans acting itself and on behalf of other consortium banks vide communication 1007/SIL/IDBI Consortium /SARFAESI dated 25.01.2017 has invoked Sec 13(2) of SARFAESI Act to recall all the loans extended to the company. Hence, all the loan facilities from Consortium banks has been treated as Current Maturities of Long Term Debt under Other Current Liabilities for the current year and interest has been accrued based on the rates that prevailed before the effective date of the MRA.
- v) The company had taken a corporate loan from IFCI. At the time of implementation/ proposal stages of CDR Package, at the behest of IFCI, in order to move forward, the company had offered additional collateral securities to IFCI, over and above the security stipulated by CDR EG. In addition to the above, IFCI had computed their Pre-COD dues by considering an interest rate of 15% plus penal interest and other charges. Even after repeated request of the company, the calculation and basis for arriving at the Pre-COD dues by IFCI was not shared with the company at the time of implementation of CDR Package. Subsequently, post CDR implementation, the company requested IFCI crystallize the Pre-COD due by reducing the additional interest/ charges and penal interest which was not forthcoming from IFCI. Hence, the company approached IDBI Bank and other consortium lenders. Even after multiple meetings with IFCI, the differences of opinion on rate of interest calculation and release of security to common pool could not be resolved. Finally IFCI in January 2016 decided to declare the company and its managing director as willful defaulter on the grounds of company being deliberately avoiding payment of interest and installment dues. The company's representation against the decision of IFCI is under the consideration of RBI vide their letter no DBRCID/13717/20.16.011/2016-17 dated 22.05.2017. Further, IFCI, suo moto has invoked Sec. 13 (2) of SARFAESI Act to recall the loans extended to the company. Hence, the entire term loan from IFCI has been treated as Current Maturities of Long Term Debt under Other Current Liabilities for the current year and interest has been accrued based on the rates that prevailed before the effective date of the MRA.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

vi) The Company has defaulted in the repayment of principal and interest dues as given below:

**i. Principal portion due:****(Rs. in lakhs)**

| Particulars                           |        | Period of default (refer Note below) |
|---------------------------------------|--------|--------------------------------------|
| <b>Due to Financial Institutions:</b> |        |                                      |
| IFCI Limited                          | 21,121 | For the year 2015 - 16 & 2016 -17    |
| <b>Due to Banks:</b>                  |        |                                      |
| IDBI Bank Limited                     | 17,372 | For the year 2015 - 16 & 2016 -17    |
| Central Bank of India                 | 10,051 |                                      |
| Allahabad Bank                        | 4,773  |                                      |
| Oriental Bank of Commerce             | 7,151  |                                      |
| Bank of India                         | 4,755  |                                      |
| UCO Bank                              | 3,686  |                                      |
| Syndicate Bank                        | 3,716  |                                      |
| Indian Overseas Bank                  | 2,432  |                                      |
| State Bank of India                   | 4,639  |                                      |
| Canara Bank                           | 2,320  |                                      |
| Bank of Baroda                        | 2,396  |                                      |
| Punjab National Bank                  | 21,717 |                                      |
| DENA Bank                             | 10,394 |                                      |
| Bank of Maharashtra                   | 5,208  |                                      |

Note - The balance due in respect of principal outstanding is as per the recall notice by banks vide communication 1007/SIL/IDBI Consortium /SARFAESI dated 25.01.2017 . IDBI lead bank for all the loans acting itself and on behalf of other consortium banks has invoked Sec 13(2) of SARFAESI Act to recall all the loans extended to the company. The above balance also includes devolved Letters of Credit which were outstanding as at March 31, 2017.

**ii. Interest due****(Rs. in lakhs)**

| Particulars                           | Amount of default of repayment (Rs.) | Period of default (refer Note below)                             |
|---------------------------------------|--------------------------------------|--|
| <b>Due to Financial Institutions:</b> |                                      |  |
| IFCI Limited                          | 2,651                                | For the year 2014-15, 2015-16 & 2016-17.<br>Refer Note (a) below |
| <b>Due to Banks:</b>                  |                                      |  |
| IDBI Bank Limited                     | 7,986                                | For the year 2014-15, 2015-16 & 2016-17.<br>Refer Note (b) below |
| Punjab National Bank                  | 4,468                                |  |
| UCO Bank                              | 601                                  |  |
| Oriental Bank of Commerce             | 2,186                                |  |
| Allahabad Bank                        | 5,576                                |  |
| Canara Bank                           | 3,383                                |  |
| Bank of Baroda                        | 965                                  |  |
| Central Bank of India                 | 1,775                                |  |
| Syndicate Bank                        | 793                                  |  |
| Bank of India                         | 2,559                                |  |
| State Bank of India                   | 1,212                                |  |
| Indian Overseas Bank                  | 1,159                                |  |
| Dena Bank                             | 7,609                                |  |
| Bank of Maharashtra                   | 3,064                                |  |



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

Note (a) - Due to the reasons described in Note (iv) above interest has been accrued at the rates that prevailed before the effective date of the MRA.

Note (b) - All the consortium banks had classified the account of the Company as a Non Performing Asset (NPA) during the previous year and consequently stopped charging interest on the loans extended to the Company. The interest disclosed above for the year ended March 31, 2017 has therefore been computed based on the terms specified in the MRA and has been provided for in the financial statements

vii) The unsecured loans are repayable after one year and the repayment dates thereafter are under negotiation.

**With respect to Subsidiary M/s. Surana Power Limited**

(i) With respect to term loans relating to 35MW power plant, UCO bank has issued notice under The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 “SARFAESI” on 19th August 2015. Consequent to this entire term loan has been disclosed under “Other financial Liabilities” under the heading “Current Maturities of Term Loans.

**(ii) Terms of repayment, interest rates, Security details and repayment schedule as per resturctured agreement entered with UCO Bank in December 2013 were as follows :**

**(a) Terms of repayment, interest rates :**

The Term of repayment and the interest rate as per restructured agreement entered with UCO Bank are as follows:

- (a) Term Loan amounting to Rs. 1,089,579,158 (Previous year - 1,089,566,069) is repayable in 32 Structured quarterly installments from August 2015.
- (b) Working Capital Term Loan (WCTL) amounting to Rs. 200,000,000 (Previous year - Rs 200,000,000) repayable in 26 Structured quarterly installments from September 2015.
- (c) interest amounting to Rs.308,256,484 (Previous year - Rs.130,810,067) converted into a Funded Interest Term Loan Facility (FITL) as per the restructuring agreement and is repayable in 22 Structured quarterly installments commencing from March 2016.

Term Loan and WCTL carry an interest rate of 12.50% per annum (Previous year - 12.50% per annum) and FITL carries on interest of 12% per annum (Previous year 12% per annum).

**(b) Security Details :**

Term Loans, WCTL, and FITL from Banks are secured by exclusive mortgage and hypothecation charge over the Land and Building, Plant and Machinery and other fixed assets of the 35 MW power plant, and hypothecation of entire stocks of inventory, receivables, and other current assets of said plant.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****(c) Repayment Schedule****(Rs.in lakhs)**

|  | <b>As at 31st March 2015 (based on revised sanction terms)</b> |              |               |
|--|--|--------------|---------------|
| <b>Year</b>  | <b>Term Loan and WCTL</b>                                      | <b>FITL</b>  | <b>Total</b>  |
|  | <b>(Rs.)</b>   | <b>(Rs.)</b> | <b>(Rs.)</b>  |
| 2015-16  | 447  | 92           | 539           |
| 2016-17  | 1,112  | 493          | 1,605         |
| 2017-18  | 1,627  | 493          | 2,121         |
| 2018-19  | 1,627  | 617          | 2,244         |
| 2019-20  | 1,627  | 617          | 2,244         |
| 2020-21  | 1,687  | 617          | 2,304         |
| 2021-22  | 1,607  | 154          | 1,762         |
| 2022-23  | 2,506  | -            | 2,506         |
| 2023-24  | 654  | -            | 654           |
| Sub-total  | 12,896   | 3,083        | 15,978        |
| Less: Current maturities of long-term borrowings (Refer Note 18) | (447)  | (92)         | (539)         |
|  |  | -            | -             |
| <b>Total</b>   | <b>12,449</b>  | <b>2,990</b> | <b>15,439</b> |

**(Rs.in lakhs)**

|  | <b>As at 31st March 2016 (based on revised sanction terms)</b> |              |               |
|--|--|--------------|---------------|
| <b>Year</b>  | <b>Term Loan and WCTL</b>                                      | <b>FITL</b>  | <b>Total</b>  |
|  | <b>(Rs.)</b>   | <b>(Rs.)</b> | <b>(Rs.)</b>  |
| 2015-16  | 447  | 39           | 486           |
| 2016-17  | 1,112  | 209          | 1,321         |
| 2017-18  | 1,627  | 209          | 1,837         |
| 2018-19  | 1,627  | 262          | 1,889         |
| 2019-20  | 1,627  | 262          | 1,889         |
| 2020-21  | 1,687  | 262          | 1,949         |
| 2021-22  | 1,607  | 65           | 1,673         |
| 2022-23  | 2,506  | -            | 2,506         |
| 2023-24  | 654  | -            | 654           |
|  | -  | -            | -             |
| <b>Sub-total</b>   | <b>12,896</b>  | <b>1,308</b> | <b>14,204</b> |
| Less: Current maturities of long-term borrowings (Refer Note 18) | (12,896)   | (1,308)      | (14,204)      |
| <b>Long-term borrowings</b>                                      | <b>-</b>   | <b>-</b>     | <b>-</b>      |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****(Rs.in lakhs)**

|   | <b>As at<br/>31st March 2017</b> | <b>As at<br/>31st March 2016</b> | <b>As at<br/>1st April 2015</b> |
|---|----------------------------------|----------------------------------|---------------------------------|
| <b>B. Term loans 2 X 210 MW project:</b>                  | <b>(Rs.)</b>                     | <b>(Rs.)</b>                     | <b>(Rs.)</b>                    |
| From Banks  | 104,524                          | 104,524                          | 104,396                         |
| Less: Current maturities of term loans<br>(Refer Note 18) | (104,524)                        | (104,524)                        | -                               |
| From Financial Institutions                               | 23,624                           | 23,624                           | 23,613                          |
| Less: Current maturities of term loans<br>(Refer Note 18) | (23,624)                         | (23,624)                         | (1,029)                         |
| Foreign Currency Term Loan from<br>Financial Institutions | 15,648                           | 15,648                           | 15,648                          |
| Less: Current maturities of term loans<br>(Refer Note 18) | (15,648)                         | (15,648)                         | -                               |
|   | -                                | -                                | 15,648                          |
| <b>Total</b>  | <b>-</b>                         | <b>-</b>                         | <b>142,627</b>                  |

**(Rs.in lakhs)**

|  | <b>As at<br/>31st March 2017</b> | <b>As at<br/>31st March 2016</b> | <b>As at<br/>1st April 2015</b> |
|--|----------------------------------|----------------------------------|---------------------------------|
| <b>C. Term loans 35 MW project:</b>                      | <b>(Rs.)</b>                     | <b>(Rs.)</b>                     | <b>(Rs.)</b>                    |
| From Banks   | 20,473                           | 16,348                           | 15,978                          |
| Less: Current maturities of term loans<br>(Refer Note 9) | (20,473)                         | (16,348)                         | (539)                           |
| <b>Total</b>   |                                  |                                  | <b>15,439</b>                   |

- (i) IDBI Bank, the lead bank of the Consortium of the common rupee loan agreement issued a notice under SARFEASI on 14th August 2015. IDBI bank has taken over the physical possession of the project assets relating to 2 \* 210 MW project on 21st December 2015. Consequent to this, the entire term loan has been disclosed under "Other Financial Liabilities" under the heading "Current Maturities of Long term debit."
- (ii) The Rupee term loan for the 2 X 210 MW project was originally scheduled to be repaid in 44 quarterly installments commencing from July 2014. The Foreign Currency Term loan was originally scheduled to be repaid in 52 quarterly installments commencing from July 2014.

The rupee term loan originally carried an interest rate ranging between 13.75% to 14% (PY: 13.75% to 14%) and the Foreign Currency Term Loan carried an interest rate of London Inter-Bank Offered Rate +4.75 basis points (PY: LIBOR +4.75 basis points).

The consortium lenders for the 2 X 210 MW project (except for a financial institution) had agreed to revise the terms of repayment vide their sanction letters issued to the Company. The amended date of commencement

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

of commercial operations has been deferred to 31 March 2016. As per the revised terms, all the terms loans were repayable in 44 quarterly installments commencing from April 2017. The date of commencement of commercial operations had also been deferred to March 31, 2016.

The formal agreement (including the security requirements) as per the revised sanction was yet to be executed.

**(iii) Security Details**

Prior to the revision in terms of repayment and rescheduling of loans, term Loans from banks and financial institutions (both Rupee Term loan and Foreign Currency Term Loan) are secured by way of :

- a) First charge on all movable and immovable fixed assets (present and future) of the Company on pari passu basis.
- b) Hypothecation of movable property and book debts, operating cash flows, intangible assets including goodwill on a pari passu basis.
- c) First charge on all the interests, rights and benefits in respect of the Major Project Documents (including contractor guarantees, liquidated damages, licences, permits, approvals, insurance contracts)
- d) Pledge of 30% of issued and paid up equity share capital of the Company.
- e) Personal Guarantee of the promoters of the Holding Company to the extent of the initial sanction amount of Rs.1,800 crores.

**The securities as per the revised terms were as follows:**

- a) First charge on all movable and immovable fixed assets (present and future) of the 2 X 210MW power project on pari passu basis.
- b) First charge on the current assets operating cash flows receivables intangible assets including goodwill pertaining to 2 X 210MW project on a pari passu basis.
- c) First charge on all the interests, rights and benefits in respect of the Major Project Documents (including contractor guarantees, liquidated damages, licences, permits, approvals, insurance contracts)
- d) Pledge of 40% of issued and paid up equity share capital of the Company.
- e) Personal Guarantee of the promoters of the Holding Company to the extent of the revised sanction amount.

The additional pledge of shares and personal guarantee of the promoters of the Holding Company for the additional sanction was yet to be executed by the Company.

**(iv) Details of revised terms of repayment of secured borrowings are as follows:**

- (a) Term Loans from Banks amounting to Rs. 104395 lakhs (Previous year 2016 - Rs. 104395 lakhs) and from Financial Institutions amounting to Rs. 23613 lakhs(Previous Year 2016 - Rs. 23613 lakhs) carry an interest rate of 12% per annum (Previous year 13.75% to 14% per annum) and are repayable in 44 quarterly instalments as follows

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****Terms of repayment****(Rs.in lakhs)**

| <b>Revised repayment<br/>Schedule of Term Loans</b>                      | <b>31st March 2016</b>     |                                       |  |                |
|--|----------------------------|---------------------------------------|--|----------------|
|  | <b>Rupee Term<br/>Loan</b> | <b>Foreign Currency<br/>Term Loan</b> | <b>Loan from Financial<br/>Institution *</b> | <b>Total</b>   |
|  | <b>(Rs.)</b>               | <b>(Rs.)</b>                          | <b>(Rs.)</b>                                 | <b>(Rs.)</b>   |
| 2014-15  | -                          | -                                     | 441  | 441            |
| 2015-16  | -                          | -                                     | 588  | 588            |
| 2016-17  | -                          | -                                     | 588  | 588            |
| 2017-18  | 7,839                      | 1,174                                 | 1,875  | 10,888         |
| 2018-19  | 7,839                      | 1,174                                 | 1,875  | 10,888         |
| 2019-20  | 7,839                      | 1,174                                 | 1,875  | 10,888         |
| 2020-21  | 9,407                      | 1,408                                 | 2,132  | 12,947         |
| 2021-22  | 9,407                      | 1,408                                 | 2,132  | 12,947         |
| 2022-23  | 9,407                      | 1,408                                 | 2,132  | 12,947         |
| 2023-24  | 9,930                      | 1,487                                 | 2,218  | 13,634         |
| 2024-25  | 10,452                     | 1,565                                 | 2,304  | 14,321         |
| 2025-26  | 11,498                     | 1,721                                 | 2,034  | 15,253         |
| 2026-27  | 10,452                     | 1,565                                 | 1,716  | 13,733         |
| 2027-28  | 10,452                     | 1,565                                 | 1,716  | 13,733         |
|  | -                          | -                                     | -  | -              |
| <b>Sub-total</b>   | <b>104,524</b>             | <b>15,648</b>                         | <b>23,624</b>                                | <b>143,795</b> |
|  | -                          | -                                     | -  | -              |
|  | -                          | -                                     | -  | -              |
| Less: Current maturities<br>of long-term borrowings<br>(Refer Note 18) * | 104,524                    | 15,648                                | 23,624                                       | 143,795        |
| <b>Long-term borrowings</b>  | <b>-</b>                   | <b>-</b>                              | <b>-</b>                                     | <b>-</b>       |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****Terms of repayment****(Rs.in lakhs)**

| <b>Revised repayment<br/>Schedule of Term Loans</b>                      | <b>31st March 2015</b>     |                                       |  |                |
|--|----------------------------|---------------------------------------|--|----------------|
|  | <b>Rupee Term<br/>Loan</b> | <b>Foreign Currency<br/>Term Loan</b> | <b>Loan from Financial<br/>Institution *</b> | <b>Total</b>   |
|  | <b>(Rs.)</b>               | <b>(Rs.)</b>                          | <b>(Rs.)</b>                                 | <b>(Rs.)</b>   |
| 2014-15  | -                          | -                                     | 441  | 441            |
| 2015-16  | -                          | -                                     | 588  | 588            |
| 2016-17  | -                          | -                                     | 588  | 588            |
| 2017-18  | 7,830                      | 1,174                                 | 1,874  | 10,877         |
| 2018-19  | 7,830                      | 1,174                                 | 1,874  | 10,877         |
| 2019-20  | 7,830                      | 1,174                                 | 1,874  | 10,877         |
| 2020-21  | 9,396                      | 1,408                                 | 2,131  | 12,935         |
| 2021-22  | 9,396                      | 1,408                                 | 2,131  | 12,935         |
| 2022-23  | 9,396                      | 1,408                                 | 2,131  | 12,935         |
| 2023-24  | 9,918                      | 1,487                                 | 2,217  | 13,621         |
| 2024-25  | 10,440                     | 1,565                                 | 2,303  | 14,307         |
| 2025-26  | 11,484                     | 1,721                                 | 2,033  | 15,238         |
| 2026-27  | 10,440                     | 1,565                                 | 1,715  | 13,719         |
| 2027-28  | 10,440                     | 1,565                                 | 1,715  | 13,719         |
|  | -                          | -                                     | -  | -              |
| <b>Sub-total</b>   | <b>104,396</b>             | <b>15,648</b>                         | <b>23,613</b>                                | <b>143,656</b> |
| Less: Current maturities<br>of long-term borrowings<br>(Refer Note 18) * | -                          | -                                     | (1,029)                                      | (1,029)        |
| <b>Long-term borrowings</b>  | <b>104,396</b>             | <b>15,648</b>                         | <b>22,584</b>                                | <b>142,627</b> |

\* As a financial institution had not agreed to the revised terms and schedule, the terms stated above are the as per the original repayment schedule.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

- (b) As a result of the notices issued by lenders of the 35 MW power plant and the takeover of the physical possession of the assets of the 2 X 210 MW power project under SARFEASI:
- (a) the principal portion of the loans have been treated as payable on demand and classified under 'Current maturities of long-term borrowings' in Note 18 -Other Financial Liabilities.
- (b) the amount of principal aggregating to Rs. 1568 lakhs which was due as at 31 March 2016 in accordance with the restructuring agreement of UCO Bank for the borrowings relating to the 35 MW power plant and the revised repayment terms of the consortium lenders for the 2 X 210 MW power project was not paid by the Company;
- (c) no interest has been provided for the year ended March 31, 2016 towards the common rupee term loan agreement with the consortium lenders with respect to the 2\*210 MW plant;
- (f) interest on the term loan availed from UCO Bank for the 35 MW power plant has been provided only to the extent of Rs.367 lakhs relating to the period upto which the notice issued under SARFAESI was not effective and;
- (e) the interest accrued by the Company during the year ended March 31, 2015 which are due and remain unpaid as at 31 March 2016 aggregates to Rs. 8470 lakhs.

**With respect to a subsidiary, Surana Green Energy Limited:**

An amount of Rs.20.58 crores paid to SBI - Term loan A/c No 33109028135 on 06.01.2017 for closure of the loan from the advance received from its sale of windmill. Transfer of title is under progress and hence the windmills assets are shown in the books.

IFCI Interest has been calculated based on the SARFAESI Notice received from IFCI Venture Capital Funds Ltd, Interest @ 20% p.a FY 15-16 Rs.250.65 lakhs/- & FY 16-17 Rs.266.03 lakhs/- and the same has been provided in the books.

**NOTE 13 Trade Payables****(Rs.in lakhs)**

| Particulars    | As at 31st March 2017 | As at 31st March 2016 | As at April 1 2015 |
|----------------|-----------------------|-----------------------|--------------------|
|                |                       |                       |                    |
| Trade payables |                       |                       | 5,877.64           |
| <b>Total</b>   | <b>-</b>              | <b>-</b>              | <b>5,877.64</b>    |

**NOTE 14 PROVISIONS**

| Particulars  | As at 31st March 2017 | As at 31st March 2016 | As at April 1 2015 |
|--|-----------------------|-----------------------|--------------------|
|  |                       |                       |                    |
| <b>Provision - Others</b>                              |                       |                       |                    |
| Recompense Interest (Refer Notes below)                | -                     | -                     | 8,229.74           |
| Provision for Contingencies (Refer Note 35)            | 1,077.19              | 1,106.68              | 1,217.00           |
| <b>Provision for Employee Benefits (Refer Note 27)</b> |                       |                       |                    |
| Provision for Gratuity                                 | 9.56                  | 22.12                 | 65.96              |
| Provision for Compensated absences                     | 6.62                  | -                     | 5.07               |
| <b>Total</b>   | <b>1,093.37</b>       | <b>1,128.81</b>       | <b>9,517.77</b>    |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 15 BORROWINGS****(Rs.in lakhs)**

| Particulars                               | As at 31st<br>March 2017 | As at 31st<br>March 2016 | As at April 1<br>2015 |
|---|--------------------------|--------------------------|-----------------------|
|   |                          |                          |                       |
| <b>Loans repayable on demand</b>          |                          |                          |                       |
| Working Capital Loan from banks - Secured | 71,245.28                | 51,043.31                | 41,362.22             |
| <b>Total</b>                              | <b>71,245.28</b>         | <b>51,043.31</b>         | <b>41,362.22</b>      |

**Note:****i) Security details:**

Working capital loans are secured by way of:

- First charge on the entire current assets of the Company (present and future) on pari-passu basis.
- Second charge on all movable and immovable fixed assets of the Company, present and future on pari-passu basis.
- Pledge of 100% of promoter and promoter group holdings in the Company in favour of lending institutions.
- Personal Guarantee of the promoters.
- Priority loan to have priority share on the Pre TRA / TRA cash flows of the Company.
- First pari passu charge on the commercial property held in the name of the Company located at Basavangadi, Bangalore on pari passu basis with term loan and working capital lenders in lieu of release of the equitable mortgage of certain agricultural land belonging to the promoters and a wind mill property belonging to a subsidiary company.

**NOTE 16 TRADE PAYABLES**

| Particulars    | As at 31st<br>March 2017 | As at 31st<br>March 2016 | As at April 1<br>2015 |
|----------------|--------------------------|--------------------------|-----------------------|
|                |                          |                          |                       |
| Trade Payables | 27,427.77                | 28,255.52                | 36,500.74             |
| <b>Total</b>   | <b>27,427.77</b>         | <b>28,255.52</b>         | <b>36,500.74</b>      |

**Notes:**

- There are no dues to Micro and Small Enterprises as determined on the basis of information collected by the Management. This has been relied upon by the auditors.

**(ii) With respect to subsidiary company M/s. Surana Power Limited**

- There are no dues to Micro and Small Enterprises as determined on the basis of information collected by the management. This has been relied upon by the auditors.
- Trade payable includes Rs.3,117.47 lakhs (March 31 2016 - Rs. 3,141.47 lakhs ; April 1 2015 - (Rs.3,141.47 lakhs) of capital creditors who have been regrouped under this head due to the fact that the 2x210 MW project has been shelved. Also refer Note 5.
- During the previous year 2016 raw materials of coal has been sold to certain creditors of the company as full and final settlement of their dues and balance amount payable to them aggregating to Rs.329.13 lakhs (net) has been written back to the statement of profit & loss account based on the confirmation received from the respective parties.



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 17 Other Financial Liabilities****(Rs.in lakhs)**

| Particulars   | As at 31st<br>March 2017 | As at 31st<br>March 2016 | As at April 1<br>2015 |
|---|--------------------------|--------------------------|-----------------------|
|   |                          |                          |                       |
| Current maturities of long term debt (Refer Note 12 for details of security, interest and terms of repayment) | 262,754.12               | 187,888.92               | 7,019.12              |
| Interest Accrued but not due on Borrowings  | -                        | -                        | 84.03                 |
| Interest Accrued but due on Borrowings  |                          |                          |                       |
| To Banks  | 42,582.31                | 3,501.32                 | 3,415.99              |
| To Financial Institutions   | 3,182.86                 | 8,299.02                 | 4,968.67              |
| Unpaid Dividend   | 7.02                     | 8.37                     | 10.25                 |
| <b>Total</b>  | <b>308,526.31</b>        | <b>199,697.63</b>        | <b>15,498.07</b>      |

**NOTE 18 Other Current liabilities**

| Particulars                                    | As at 31st<br>March 2017 | As at 31st<br>March 2016 | As at April 1<br>2015 |
|--|--------------------------|--------------------------|-----------------------|
|  |                          |                          |                       |
| (a) Statutory Liabilities                      | 637.79                   | 684.57                   | 504.19                |
| (b) Advance money received for windmill sale * | 2,058.00                 | -                        | -                     |
| (c) Others                                     | 465.63                   | 112.01                   | 130.86                |
| <b>Total</b>                                   | <b>3,161.42</b>          | <b>796.58</b>            | <b>635.05</b>         |

\* Refer note no 3(A)

**NOTE 19 PROVISIONS**

| Particulars  | As at 31st<br>March 2017 | As at 31st<br>March 2016 | As at April 1<br>2015 |
|--|--------------------------|--------------------------|-----------------------|
|  |                          |                          |                       |
| <b>Provision - Others</b>                              |                          |                          |                       |
| Provision for income - tax                             | 60.52                    | 56.11                    | 97.25                 |
| Provision for interest                                 | 7,330.63                 | 81.00                    |                       |
| Others   | 488.22                   | 96.29                    | 23.23                 |
| <b>Provision for Employee Benefits (Refer Note 27)</b> |                          |                          |                       |
| Gratuity   | 3.20                     | 21.50                    | 12.25                 |
| Compensated Absences                                   | -                        | 23.57                    | 20.57                 |
| <b>Total</b>   | <b>7,882.57</b>          | <b>278.47</b>            | <b>153.30</b>         |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 20 REVENUE FROM OPERATIONS****(Rs.in lakhs)**

| Particulars                     | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---------------------------------|--|--|
|                                 |  |  |
| Sale of products (manufactured) | 2,034.59                               | 8,343.24                               |
| Sale of products (traded)       | 4,619.33                               | 51,392.48                              |
| Sale of services                | 187.43                                 | 540.36                                 |
| Other Operating Income          | -                                      | 1,678.00                               |
| <b>Total</b>                    | <b>6,841.35</b>                        | <b>61,954.08</b>                       |

**NOTE 21 OTHER INCOME**

| Particulars                                   | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---|--|--|
|   |  |  |
| Interest income (Refer Note below)            | 69.07                                  | 119.47                                 |
| Dividend income from long- term investments   | -                                      | 0.12                                   |
| Other non-operating income (Refer Note below) | 238.50                                 | 1,005.41                               |
| <b>Total</b>                                  | <b>307.57</b>                          | <b>1,125.00</b>                        |

**Notes:****(i) Interest Income comprises:**

| Particulars                     | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---------------------------------|--|--|
|                                 |  |  |
| Interest from banks on deposits | 69.07                                  | 119.47                                 |
| <b>Total</b>                    | <b>69.07</b>                           | <b>119.47</b>                          |

**(ii) Other non-operating income comprises:**

| Particulars   | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---|--|--|
|   |  |  |
| Liabilities/ provisions no longer required written back * | 82.49                                  | 972.52                                 |
| Profit on sale of asset                                   | 0.24                                   | -                                      |
| Rental Income   | 1.75                                   | 3.00                                   |
| Provision for employee benefits written back              | -                                      | 29.88                                  |
| Others  | 154.02                                 | -                                      |
| <b>Total</b>  | <b>238.50</b>                          | <b>1,005.40</b>                        |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 22 A COST OF MATERIALS CONSUMED****(Rs.in lakhs)**

| Particulars                                       | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---|--|--|
|   |  |  |
| Opening stock                                     | 7,298.05                               | 12,111.27                              |
| Less: Stock of coal transferred to Stock-in-trade | (6,075.94)                             | (7,023.31)                             |
| Add: Purchases                                    | 1,577.33                               | 6,844.99                               |
|   | <b>2,799.44</b>                        | <b>11,932.94</b>                       |
| Less: Closing stock                               | 1,022.73                               | 7,298.05                               |
| Less: Stock of coal transferred to Stock-in-trade | -                                      | (6,075.94)                             |
| <b>Cost of materials consumed</b>                 | <b>1,776.72</b>                        | <b>10,710.82</b>                       |

**NOTE 22 B PURCHASES OF STOCK IN TRADE**

| Particulars         | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---------------------|--|--|
|                     |  |  |
| <b>Traded Goods</b> |  |  |
| MS Structurals      | -                                      | 5,838.66                               |
| MS Scrap            | 1,814.27                               | 31,292.82                              |
| TMT Bars            | 1,842.91                               | -                                      |
| MS Rounds           | -                                      | 947.67                                 |
| MS Angle            | -                                      | 4,827.84                               |
| TMT Bars            | -                                      | -                                      |
| Others              | 70.97                                  | 9,054.65                               |
| <b>Total</b>        | <b>3,728.16</b>                        | <b>51,961.64</b>                       |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 22 C CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE (Rs.in lakhs)**

| Particulars                                      | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|--|--|--|
|  |  |  |
| <b>Inventories at the beginning of the year:</b> |  |  |
| Finished goods                                   | 668.22                                 | 1,860.50                               |
| Stock-in-trade                                   | 75.94                                  | 7,572.63                               |
| Add: Stock of coal transferred from Raw material | 6,075.94                               | 7,023.31                               |
| Trading stock transferred from CWIP to inventory | 3,037.59                               | -                                      |
|  | <b>9,857.69</b>                        | <b>16,456.44</b>                       |
| <b>Inventories at the end of the year:</b>       |  |  |
| Finished goods                                   | 84.16                                  | 641.14                                 |
| Stock-in-trade                                   | 3,671.49                               | 39.24                                  |
| Add: Stock of coal transferred from Raw material | -                                      | 6,075.94                               |
|  | <b>3,755.65</b>                        | <b>6,756.32</b>                        |
|  |  |  |
| <b>Net decrease</b>                              | <b>6,102.03</b>                        | <b>9,700.12</b>                        |

**NOTE 23 EMPLOYEE BENEFITS EXPENSE**

| Particulars   | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|---|--|--|
|   |  |  |
| Salaries and wages  | 546.34                                 | 622.36                                 |
| Contributions to provident and other funds<br>(Refer Note 27) | 37.64                                  | 19.24                                  |
| Gratuity Expenses (Refer Note 27)                             |  | 0.68                                   |
| Staff welfare expenses  | 11.96                                  | 45.21                                  |
| <b>Total</b>  | <b>595.94</b>                          | <b>687.49</b>                          |

**NOTE 24 FINANCE COSTS**

| Particulars                 | For the year ended<br>31st March, 2017 | For the year ended<br>31st March, 2016 |
|-----------------------------|--|--|
|                             |  |  |
| Interest expense on:        |  |  |
| (i) Bank Borrowings         | 28,245.60                              | 13,175.36                              |
| (ii) Financial institutions | 3,447.11                               | 3,416.69                               |
| Bank Charges                | 29.64                                  | 140.33                                 |
| Others                      | 6.54                                   | 118.82                                 |
| <b>Total</b>                | <b>31,728.89</b>                       | <b>16,851.20</b>                       |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 25 OTHER EXPENSES****(Rs.in lakhs)**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs   | Rs   |
| Consumption of stores and consumables                        | 292.36   | 760.46   |
| Contract Labour expenses                                     | 158.84   | 456.94   |
| Power and Fuel   | 158.02   | 570.37   |
| Repairs and Maintenance                                      | 35.33  | 156.47   |
| Windmill operation and maintenance expenses                  | 394.17   | 129.97   |
| Insurance  | 40.57  | 74.89  |
| Impairment   | 17.96  |  |
| Rent   | 32.56  | 31.35  |
| Rates and Taxes  | 8.33   | 36.27  |
| Communication expenses                                       | 4.86   | 14.37  |
| Travelling and Conveyance                                    | 29.21  | 57.09  |
| Printing and Stationery                                      | 0.89   | 6.06   |
| Advertisement and Business Promotion                         | 22.32  | 313.00   |
| Freight and Forwarding                                       | -  | 198.14   |
| Legal and Professional Charges & Sitting fees                | 52.29  | 167.30   |
| Payment to auditors  | 26.17  | 101.87   |
| Provision for Doubtful Trade receivables, Loans and advances | 12,127.19  | 3,582.41   |
| Provision for Contingencies (Refer Note 34)                  | -  | 29.48  |
| Trade receivables & Amount written off                       | 17.34  | 68.73  |
| Loss on Sale of Investments and Written Off                  | -  | 8.02   |
| Miscellaneous expenses                                       | 87.04  | 20.24  |
| <b>Total</b>   | <b>13,505.45</b>                                   | <b>6,783.45</b>                                    |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 26 EXCEPTIONAL ITEMS****(Rs.in lakhs)**

| Particulars  | For the year ended<br>31 <sup>st</sup> March, 2017 | For the year ended<br>31 <sup>st</sup> March, 2016 |
|--|--|--|
|  | Rs   | Rs   |
| Interest capitalized relating to capital work in progress charged off  | 37,239.24  |  |
| Provision provided for stores spares and parts   | 655.50   | -  |
| Impairment of expenditure incurred on Fixed assets on account of revaluation in relation to adoption of Ind AS | 6,057.04   |  |
| Interest capitalized relating to capital work in progress charged off  |  | 68,475.79  |
| Pre-operating expenditure capitalized relating to capital work in progress charged off                         |  | 7,657.45   |
| Inventory relating to capital work in progress charged off   |  | 5,234.68   |
| Impairment of expenditure incurred on land relating to capital work in progress charged off                    |  | 7,800.00   |
| Reversal of recompense interest (Refer Note below)   |  | (8,229.74)   |
| <b>Total</b>   | <b>43,951.79</b>                                   | <b>80,938.18</b>                                   |

The Company had reversed recompense interest of Rs. 7630.28 lakhs outstanding as at March 31, 2015 because as per master circular of RBI on CDR and also as per the MRA, the liability for the Company to pay recompense interest occurs only when the Company has generated cash surplus after paying out all its obligations. Further, as per the Master Restructuring Agreement under Article VIII para 8.1

*“Right to Recompense*

*If, in the opinion of the lenders, the profitability and the cash flows of the Borrower so warrant, the Lenders shall be entitled to receive recompense for the reliefs and sacrifices extended by them within the CDR parameters with the approval of the CDR-Empowered Group.”*

Accordingly, as the lenders have not formed any opinion about the profitability and cash flows of the company to service the recompense interest as on date, the need to recognize the recompense interest does not arise. During the year as mentioned in note 12 consortium banks has exited CDR & accordingly, the need for Recompense interest/provision doesnot arise.

**NOTE 27 EMPLOYEE BENEFIT PLANS****Defined contribution plans**

The Company makes payment to Provident Fund and Employee State Insurance Scheme a defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.35.92 lakhs (31 March, 2016: Rs.18.62

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

lakhs; 1 April, 2015:Rs.18.96 lakhs) for Provident Fund contributions and Rs.1.45 lakhs (31 March, 2016 : Rs.1.24 lakhs; 1 April 2015 - Rs. 1.43 lakhs) for Employee State Insurance in the Statement of Profit and Loss. The contribution payable by the Company are at rates specified in the rules of the scheme.

**Defined benefit plans**

The Company offers the following employee benefit schemes to its employees:

**Gratuity (Unfunded):****(Rs.in lakhs)**

| Particulars   | For the year<br>ended 31 <sup>st</sup><br>March, 2017 | For the year<br>ended 31 <sup>st</sup><br>March, 2016                                 | For the year<br>ended 1 <sup>st</sup><br>April, 2015 |
|---|---|---|--|
|   |   |   |  |
| <b>Components of employer expense</b>   |   |   |  |
| Current service cost  | 4.55  | 23.51   | 12.77  |
| Interest cost   | 1.42  | 4.12  | 13.02  |
| Actuarial losses/(gains)  | (7.49)  | (55.03)   | (71.84)  |
| Total expense/(Income) recognised in the<br>Statement of Profit and Loss      | <b>(1.51)</b>   | <b>(27.39)</b>  | <b>(46.06)</b>                                       |
| <b>Change in defined benefit obligations (DBO)<br/>during the year</b>        |   |   |  |
| Present value of DBO at beginning of the year                                 | 23.51   | 53.00   | 139.80   |
| Current service cost  | 4.55  | 23.51   | 12.77  |
| Interest cost   | 1.42  | 4.12  | 13.02  |
| Actuarial (gains) / losses  | (7.49)  | (55.03)   | (71.84)  |
| Benefits paid   | (9.24)  | (2.10)  | (40.74)  |
| Present value of DBO at the end of the year                                   | <b>12.77</b>  | <b>23.52</b>  | <b>53.00</b>   |
| <b>Actuarial assumptions</b>  |   |   |  |
| Discount rate   | 7.35%   | 7.50%   | 7.94%  |
| Expected return on plan assets  | NA  | NA  | NA   |
| Salary escalation   | 8.00%   | 8.00%   | 7.00%  |
| Attrition   | 3%  |   | 2.00%  |
|   |   | Past Service :<br>0 to 5 : 3%<br>: 5 to 10 : 2%<br>: 11 to 15 : 1%<br>: 15 to 42 : 1% |  |
| <b>Experience Adjustments (Disclosed to the extent<br/>data is available)</b> |   |   |  |
| Actuarial (Gains) / Losses on Obligations                                     | (7.49)  | (58.09)   | (50.31)  |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****Notes:**

- i) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
- ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**Actuarial assumptions for long-term compensated absences:**

| Particulars                    | For the year<br>ended 31 <sup>st</sup><br>March, 2017 | For the year<br>ended 31 <sup>st</sup><br>March, 2016                                | For the year<br>ended 1 <sup>st</sup><br>April, 2015 |
|--------------------------------|---|--|--|
|                                |   |  |  |
| Discount rate                  | 7.35%   | 7.50%  | 7.94%  |
| Expected return on plan assets | NA  | NA   | NA   |
| Salary escalation              | 8.00%   | 7.00%  | 7.00%  |
| Attrition                      | 3.00%   | Past Service:<br>0 to 5 : 3%<br>: 5 to 10 : 2%<br>: 11 to 15 : 1%<br>: 15 to 42 : 1% | 2.00%  |

**With respect to Subsidiary Company M/s. Surana Power Limited**

In view of the stalling of the operations and the possession of 2 X 210 MW project assets by the lenders the headcount of the subsidiary has reduced to two employees. Consequently the subsidiary has worked out the provision for the Gratuity and compensated absences based on the actual amount payable to the employees (Refer Note 10) and accordingly, in the opinion of the management, no further provision is required to be created towards the gratuity and compensated absences as at 31<sup>st</sup> March 2017.

**NOTE 28 CONTINGENT LIABILITIES IN RESPECT OF WHICH NO PROVISION IS CONSIDERED NECESSARY**

| Particulars  | As at<br>31 <sup>st</sup> March, 2017 | As at<br>31 <sup>st</sup> March, 2016 | As at<br>April 1, 2015 |
|--|---------------------------------------|---------------------------------------|------------------------|
|  |                                       |                                       |                        |
| (a) Claims against the Company not acknowledged as debt (Refer note (i) below)                     |                                       |                                       |                        |
| Central Excise   | 4,597.73                              | 3,295.15                              | 3,295.15               |
| Customs  | 206.58                                | 28.69                                 | 28.69                  |
| Central Sales Tax  | 428.43                                | 700.00                                | 700.00                 |
| VAT  | 1,059.33                              | 1,819.29                              | 1,819.29               |
| MSMED  | 17.85                                 |                                       |                        |
| (b) Corporate Guarantees given to banks / financial institutions on behalf of subsidiary companies | 125.00                                | 146.67                                | 146.67                 |
| c) Recompenese interest  | -                                     | 12,778.64                             |                        |



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****Notes:**

- i) Against the above demands, the Company has paid Rs. 114.33 lakhs under protest to the various authorities.
- ii) In respect of the above demands disputed by the Company, appeals filed are pending before respective appellate authorities. The Company is of the view that there are reasonable chances of successful outcome of the appeals and accordingly no provision is considered necessary.

**With respect to Subsidiary M/s. Surana Power Limited****A. Commitments****(Rs.in Lakhs)**

| Particulars   | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1 , 2015 |
|---|------------------------|------------------------|----------------------|
|   |                        |                        |                      |
| Estimated Amount of Contracts remaining to be executed and not provided for | 98,035.91              | 98,035.91              | 98,035.91            |

The Company had executed Engineering Procurement and Construction contracts (“EPC Contracts”) in respect of the 2 X 210 MW power project which has been stalled due to non-availability of funding. Subsequent to the discussion held in the Joint Lenders’ Meeting dated 31 October 2014 the EPC contracts with the main contractors have been terminated vide settlement agreements dated 15 December 2014 and the Company is in the process of negotiating with the sub-contractors on price escalation and entering into contracts with the subcontractors directly. The above estimated amount of contract remaining to be executed and not provided for is arrived at the basis of balance value of contracts without considering any price escalation or other charges.

**B. Contingent Liabilities****(Rs.in Lakhs)**

| Particulars  | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1 , 2015 |
|--|------------------------|------------------------|----------------------|
|  |                        |                        |                      |
| (a) Claims against the Company not acknowledged as debt            | 5,653.32               | -                      | 216.07               |
| (b) Claims towards interest on delayed payments by sub-contractors | 180.11                 | 180.11                 | 180.11               |

IDBI (“Lead Bank”) with other consortium banks have filed a recovery suit against the company for recovering their debt due to the extent of Rs.128,178.31 lakhs vide OA No 483/2016 filed with DRT (Debts Recovery Tribunal). Out of which the company has recognised the debt to the extent of Rs. 124,997.22 lakhs. Pending issue with DRT, the company have not acknowledged to the extent of dispute in interest calculation between the company and consortium banks.

One of the consortium member L&T infra had filed a recovery suit against the company individually for recovering their debt due to the extent of Rs. 10,498.36 lakhs vide OA No 122 /2017 filed with DRT (Debts Recovery Tribunal), Chennai. Out of which the company have acknowledged the debt to the extent of Rs. 8,026.14 lakhs. Pending issue with DRT , the company have not acknowledged the debt to the extent of dispute in interest calculation between L&T Infra and Company.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

Interest on overdue payments, inventory carrying costs and demurrage charges have been claimed by sub-contractors on the 2 X 210 power plant project Rs.18,011,268. Pending negotiations with the sub-contractors, these have not been acknowledged as debt by the Company.

(ii) During the year ended March 31,2015, the Company received notices dated 26 August 2014 and 18 September 2014 from service tax authorities for payment of service tax and works contract tax on behalf of the engineering, procurement and construction contractors (EPC Contractors) of the Company, who were subject to investigation and had failed to pay service tax on the contract invoices raised on the Company for the 2 X 210 MW project.

The service tax authorities demanded the differential tax from the Company amounting to Rs. 564.22 lakhs under Section 87(b)(i) of the Finance Act, 1994 to be recovered out of the amounts payable to the EPC contractors. The Company does not have any amounts payable to the EPC Contractors and has only advances that need to be recovered from these contractors and therefore, is not liable to remit any amounts towards the differential tax.

**(Rs. in lakhs)**

| Particulars         | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1 , 2015 |
|---------------------|------------------------|------------------------|----------------------|
|                     |                        |                        |                      |
| (b) Bank Guarantees | 9.29                   | 9.29                   | 9.29                 |

**(c) Seizure of records by service tax authorities**

Pursuant to requests for information and scrutiny of the EPC contractors' payments by the service tax authorities, the Company submitted the original invoices and other supporting documents relating to these contractors during the year 2013-14 and therefore these documents which relate to Capital work in progress on the 2 X 210MW project are not in the possession of the Company.

**(d) Recompense Interest****(Rs.in Lakhs)**

| Particulars             | As at 31st March, 2017 | As at 31st March, 2016 | As at April 1 , 2015 |
|-------------------------|------------------------|------------------------|----------------------|
|                         |                        |                        |                      |
| (i) Recompense Interest |                        | 959.32                 | -                    |

As per the CDR master circular of RBI dated 25th June 2015 and restructuring agreement entered with the lenders, the recompense interest becomes payable only on availability of sufficient cash surplus. As the project till date after the restructuring has not generated any cash surplus, there is no need for recognizing the recompense interest and represented as contingent liability.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****Note 29 Disclosure on Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

**(a) Financial assets and liabilities**

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2017, 2016, April 1, 2015

**Rs. in lakhs**

|                              | Amortised cost | FVTPL | FVTOCI | Derivatives designated as hedges | Derivatives designated not as hedges | Total Carrying value | Total fair value |
|------------------------------|----------------|-------|--------|----------------------------------|--------------------------------------|----------------------|------------------|
| <b>Financial Assets</b>      |                |       |        |                                  |                                      |                      |                  |
| Trade receivables            | 16,987.37      |       |        |                                  |                                      | 16,987.37            | 16,987.37        |
| Cash and cash equivalents    | 36.67          |       |        |                                  |                                      | 36.67                | 36.67            |
| <b>Financial Liabilities</b> |                |       |        |                                  |                                      | -                    | -                |
| Borrowings                   | 72,760.61      |       |        |                                  |                                      | 72,760.61            | 72,760.61        |
| Trade payables               | 27,427.77      |       |        |                                  |                                      | 27,427.77            | 27,427.77        |
| Other Financial Liabilities  | 308,526.31     |       |        |                                  |                                      | 308,526.31           | 308,526.31       |

As at March 31, 2016

|                              | Amortised cost | FVTPL | FVTOCI | Derivatives designated as hedges | Derivatives designated not as hedges | Total Carrying value | Total fair value |
|------------------------------|----------------|-------|--------|----------------------------------|--------------------------------------|----------------------|------------------|
| <b>Financial Assets</b>      |                |       |        |                                  |                                      |                      |                  |
| Trade receivables            | 29,504.07      |       |        |                                  |                                      | 29,504.07            | 29,504.07        |
| Cash and cash equivalents    | 168.71         |       |        |                                  |                                      | 168.71               | 168.71           |
| <b>Financial Liabilities</b> |                |       |        |                                  |                                      | -                    | -                |
| Borrowings                   | 126,273.21     |       |        |                                  |                                      | 126,273.21           | 126,273.21       |
| Trade payables               | 28,255.52      |       |        |                                  |                                      | 28,255.52            | 28,255.52        |
| Other Financial Liabilities  | 199,697.63     |       |        |                                  |                                      | 199,697.63           | 199,697.63       |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

As at April 1, 2015

**(Rs. in lakhs)**

|                              | Amortised cost | FVTPL | FVTOCI | Derivatives designated as hedges | Derivatives designated not as hedges | Total Carrying value | Total fair value |
|------------------------------|----------------|-------|--------|----------------------------------|--------------------------------------|----------------------|------------------|
| <b>Financial Assets</b>      |                |       |        |                                  |                                      |                      |                  |
| Trade receivables            | 33,936.96      |       |        |                                  |                                      | 33,936.96            | 33,936.96        |
| Cash and cash equivalents    | 2,814.44       |       |        |                                  |                                      | 2,814.44             | 2,814.44         |
| <b>Financial Liabilities</b> |                |       |        |                                  |                                      |                      |                  |
| Borrowings                   | 288,919.78     |       |        |                                  |                                      | 288,919.78           | 288,919.78       |
| Trade payables               | 42,378.38      |       |        |                                  |                                      | 42,378.38            | 42,378.38        |
| Other Financial Liabilities  | 15,498.07      |       |        |                                  |                                      | 15,498.07            | 15,498.07        |

**C. Financial risk management**

The Company has exposure to the following risk arising from financial instruments:

**▪ Credit risk**

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults.

Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹16987.37 lakhs, ₹29504.07 lakhs, ₹33936.96 lakhs, as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total carrying value of trade receivables. The risk relating to trade receivables are presented in Note 7.

**▪ Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks.

**▪ Market risk**

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The company is not exposed to any market risk for the current year.

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****NOTE 30 EARNING AND EXPENDITURES IN FOREIGN CURRENCY**

There are no foreign exchange earning or expenditure incurred by the Company during the current and previous financial year.

**NOTE 31 RELATED PARTY TRANSACTIONS**

|   |  |
|---|--|
| <b>A. Details of related parties:</b>     |  |
| <b>Description of relationship</b>        | <b>Names of related parties</b>                            |
| (i) Key Managerial Personnel              | Shri Dineshchand Surana, Managing Director                 |
| (ii) Relative of Key Managerial Personnel | Shri Rahul Dinesh Surana,<br>Group Chief Executive Officer |

Related parties are as identified by the management and relied upon by the auditors

**B. Details of related party transactions during the year (Rs.in lakhs)**

| Particulars   | As at 31st March, 2017 | As at 31st March, 2016 | As at 1 April, 2015 |
|---|------------------------|------------------------|---------------------|
| <b>Remuneration to Key Managerial Personnel</b>             |                        |                        |                     |
| Shri Dineshchand Surana                                     | 24.00                  | 24.00                  |                     |
|   |                        |                        |                     |
| <b>Remuneration to Relative of Key Managerial Personnel</b> |                        |                        |                     |
| Shri Rahul Dinesh Surana                                    | 30.00                  | 25.40                  |                     |
|   |                        |                        |                     |
| <b>Promoters' Contribution as per the CDR package</b>       |                        |                        |                     |
| Shri Dineshchand Surana                                     |                        | 3,330.00               | 1,324.35            |
| Shares acquired by promoter<br>(including share premium)    |                        |                        |                     |
| Shri Dineshchand Surana                                     | 4,654.35               | -                      | -                   |

**C. Balances outstanding at the end of the year (Rs.in lakhs)**

| Particulars                    | As at 31st March, 2017 | As at 31st March, 2016 | As at 1 April, 2015 |
|--------------------------------|------------------------|------------------------|---------------------|
| <b>Shri Dineshchand Surana</b> |                        |                        |                     |
| Interest free unsecured loan   |                        | 4,654.35               | 1,324.35            |

The term loans from banks and financial institutions have also been secured by the personal guarantee provided by the promoters (Refer Note.12)

**NOTE 32 EARNINGS PER SHARE (Rs.in lakhs)**

| Particulars   | As at 31st March, 2017 | As at 31st March, 2016 |
|---|------------------------|------------------------|
| Loss after Tax (Rs.)  | (99,903.18)            | (121,754.50)           |
| Weighted average number of shares outstanding during the year | 50,910,649.00          | 44,519,067             |
| Face Value of Share (Rs.)                                     | 10                     | 10                     |
| Basic and Diluted Earnings per share (Rs.)                    | (196.23)               | (273.49)               |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

Earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**Diluted EPS:**

As per the MRA, the CDR lenders shall have a right to convert:

- Entire / part of WCTL / FITL and / or entire defaulted interest and entire / part of defaulted principal into equity at par in the event of default.
- Upto 20% of the term debt outstanding beyond seven years as per SEBI guidelines / loan covenants whichever is applicable, into equity
- The entire WCTL / FITL into equity at any time during the restructuring period.

As at the Balance Sheet date, the conditions that relate to the conversion of the loans into equity do not exist and no shares have been converted during the year.

**NOTE 33 DUES TO MICRO SMALL AND MEDIUM ENTERPRISES**

There are no dues to enterprises as defined under Micro, Small and Medium enterprises Development Act, 2006, as at 31st March 2017 as well as 31st March 2016 except for disputed amount, which is on the basis of such parties having been identified by the management and relied upon by the auditors.

**NOTE 34 PROVISIONS FOR CONTINGENCIES**

(A) The Company has made provision for various disputed liabilities based on its assessment of the amount it estimates to incur to meet such liabilities, as follows

**(Rs.in lakhs)**

| Particulars  | As at 31 <sup>st</sup> March, 2016 | Additions (Rs.)* | As at 31 <sup>st</sup> March, 2017 |
|--|------------------------------------|------------------|------------------------------------|
| Provision for contingencies - disputed liabilities | 890.61                             | (29.49)          | 861.12                             |
| (Figures in bracket relates to the previous year)  | (800.00)                           | (90.61)          | (890.61)                           |

| Particulars  | As at 31 <sup>st</sup> March, 2015 | Additions (Rs.)* | As at 31 <sup>st</sup> March, 2016 |
|--|------------------------------------|------------------|------------------------------------|
| Provision for contingencies - disputed liabilities | 800.00                             | (800.00)         | -                                  |
| (Figures in bracket relates to the previous year)  | (-)                                | (800.00)         | (800.00)                           |

\* - Includes Rs. 61.12 lakhs regrouped from Other Current Liabilities during the current year March 31, 2016

**(B) with respect to Subsidiary Company M/s. Surana Power Limited**

The Company has made provision for various disputed liabilities based on its assessment of the amount it estimates to incur to meet such liabilities, as follows

| Particulars  | As at 1 <sup>st</sup> April, 2016<br>(Rs.) | Additions (Rs.)* | As at 31 <sup>st</sup> March, 2017<br>(Rs.) |
|--|--|------------------|---|
| Provision for contingencies - disputed liabilities | 216.07                                     | -                | 216.07                                      |
| (Figures in bracket relates to the previous year)  | 417.00                                     | (200.93)         | 216.07                                      |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****(Rs.in Lakhs)**

| <b>Particulars</b>                                       | <b>As at 1st April, 2015<br/>(Rs.)</b> | <b>Additions (Rs.)*</b> | <b>As at 31st March,<br/>2016 (Rs.)</b> |
|--|--|-------------------------|---|
| Provision for contingencies -<br>disputed liabilities    | 417.00                                 | (20.93)                 | 216.07                                  |
| (Figures in bracket relates to the<br>previous year) (-) | -                                      | (417.00)                | -                                       |

**NOTE 35 SPECIFIED BANK NOTE**

In accordance with the MCA notification G.S.R. 308(E) dated March 30, 2017, details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

|   | <b>SBNs</b>   | <b>ODNs</b>   | <b>Total</b>  |
|---|---------------|---------------|---------------|
| <b>Closing balance in hand<br/>as on 08.11.2016</b> | <b>17,500</b> | <b>5,362</b>  | <b>22,862</b> |
| Add: Permitted receipts                             | -             | 110,000       | 110,000       |
| Less: Permitted payments                            | 17,500        | 94,848        | 112,348       |
| Less: Amounts deposited<br>in Banks                 | -             | -             | -             |
| <b>Closing balance in hand<br/>as on 30.12.2016</b> |               | <b>20,514</b> | <b>20,514</b> |

“This space is intentionally left blank”

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

**NOTE 36** Additional information as required by Paragraph 2 of the General Instructions to Preparation of Consolidated Financial Statements to Schedule III to the Companies Act 2013

| Name of the entity                                  | Net assets, i.e; total assets minus total liabilities |                      | Share in profit or loss             |                      |
|---|---|----------------------|-------------------------------------|----------------------|
|   | As % of consolidated net assets                       | Amount (Rs in Lakhs) | As % of consolidated profit or loss | Amount (Rs in Lakhs) |
| <b>Parent</b>                                       |   |                      |                                     |                      |
| Surana Industries Limited                           | 59.07%  | -98,772.49           | 55.26%                              | -55,210.54           |
| <b>Subsidiaries</b>                                 |   |                      |                                     |                      |
| <b>a) Indian</b>                                    |   |                      |                                     |                      |
| Surana Power Limited                                | 50.36%  | -84,207.32           | 43.17%                              | -43,131.83           |
| Surana Green Power Limited                          | 0.34%   | -576.84              | 1.54%                               | -1,539.32            |
| <b>b) Foreign</b>                                   |   |                      |                                     |                      |
| Surana Mines and Minerals Limited                   | -9.39%  | 15707.29             | 0.02%                               | -21.48               |
| <b>Non Controlling interest in all subsidiaries</b> |   |                      |                                     |                      |
| Indian  | -   | -                    | 0                                   | -                    |
| Foreign   | -0.38%  | 639.34               |                                     | -                    |
| Minority interest in all subsidiaries               |   |                      |                                     |                      |
| <b>TOTAL</b>  | <b>100%</b>   | <b>-167,210.02</b>   | <b>100%</b>                         | <b>-99,903.18</b>    |

**NOTE 37**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

The Notes referred to above form an integral part of these Financial Statements

**For V D S R & Co.,**  
**Chartered Accountants**  
**(F.R.No. 001626S)**

**SATHISH KUMAR R.K.**  
**Partner M.No. 220263**

Place : Chennai  
Date : May 18, 2017

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

**BABU SRINIVASAN**  
**Chairman**

**DEVARAJAN K.E.**  
**Group Chief Accounts Officer**

**DINESHCHAND SURANA**  
**Managing Director**



**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements****38 Segment Reporting**

- a) The group is engaged in the business of manufacturing and trading steel and iron products. The operating segment (Chief Operating Decision maker) reviews and assess the Group's performance.

|  | <b>For the year ended 31st March 2017</b> |                    |                 |             |  |
|--|---|--------------------|-----------------|-------------|--|
|  | Operating segment                         |                    |                 | Elimination |  |
|  | Steel                                     | Power              | Others          |             |  |
| External Revenue   | 6,841.35                                  | -                  |                 | -           |  |
| Inter-segment revenue  |   |                    |                 |             |  |
| <b>Total Revenue</b>   | <b>6,841.35</b>                           | <b>-</b>           | <b>-</b>        |             |  |
| Segment result   | (22,765.82)                               | (785.24)           | (978.99)        |             |  |
| Unallocable Corporate Income                                 |   |                    |                 |             |  |
| Unallocable expenses (net)                                   |   |                    |                 |             |  |
| Other income (net)   |   |                    |                 |             |  |
| <b>Loss before finance cost</b>                              |   |                    |                 |             |  |
| Finance Cost   |   |                    |                 |             |  |
| <b>Loss before taxes, Prior period and exceptional items</b> |   |                    |                 |             |  |
| Prior Period   |   |                    |                 |             |  |
| <b>Loss before taxes and exceptional items</b>               |   |                    |                 |             |  |
| Exceptional items  |   |                    |                 |             |  |
| <b>Loss before taxes</b>                                     |   |                    |                 |             |  |
| Tax expense  |   |                    |                 |             |  |
| <b>Loss for the year</b>                                     |   |                    |                 |             |  |
| <b>Segment assets</b>  | <b>86,558.44</b>                          | <b>157052.5761</b> | <b>7,718.77</b> |             |  |
| Unallocable assets   |   |                    | 3,701.16        |             |  |
| Total assets   |   |                    |                 |             |  |
| Segment liabilities  | 11,209.99                                 | 26,268.79          | 678.15          |             |  |
| Unallocable liabilities                                      |   |                    | 380,086.47      |             |  |
| Total liabilities  |   |                    |                 |             |  |
| <u>Other information</u>                                     |   |                    |                 |             |  |
| Capital expenditure (allocable)                              |   |                    |                 |             |  |
| Capital expenditure (unallocable)                            |   |                    |                 |             |  |
| Depreciation and amortisation (allocable)                    | 3,978.84                                  | 726.98             | 457.78          |             |  |
| Depreciation and amortisation (unallocable)                  |   |                    |                 |             |  |

**SURANA INDUSTRIES LIMITED**

CIN : L27104TN1991PLC020533

**Notes forming part of the Consolidated financial statements**

has been identified based on the business operations of the group and which is also the basis on which the CODM

**(Rs.in Lakhs)**

| <b>For the year ended 31st March 2016</b> |                   |            |          |             |                     |
|---|-------------------|------------|----------|-------------|---------------------|
| Total                                     | Business segments |            |          | Elimination | Total               |
|   | Steel             | Power      | Others   |             |                     |
| 6,841.35                                  | 58,483.42         | 1,678.00   | -        | -           | 1,678.59            |
|   |                   |            |          |             | -                   |
| <b>6,841.35</b>                           |                   |            |          |             | <b>1,678.59</b>     |
| (24,530.04)                               | (22,809.15)       | (2,189.58) | (91.40)  | -           | (2,509.14)          |
|   |                   |            |          |             | (0.12)              |
| 307.57                                    |                   |            |          |             | -                   |
|   |                   |            |          |             | 1,124.87            |
|   |                   |            |          |             | <b>(23,965.14)</b>  |
|   |                   |            |          |             |                     |
| 31,728.92                                 |                   |            |          |             | 16,851.21           |
| <b>(55,951.39)</b>                        |                   |            |          |             | <b>(40,816.32)</b>  |
|   |                   |            |          |             | -                   |
|   |                   |            |          |             | <b>(40,816.32)</b>  |
| 43,951.79                                 |                   |            |          |             | <b>(80,938.18 )</b> |
| <b>(99,903.18)</b>                        |                   |            |          |             | <b>(121,754.50)</b> |
| -   |                   |            |          |             | -                   |
| <b>(99,903.18)</b>                        |                   |            |          |             | <b>(121,754.50)</b> |
| <b>251,329.01</b>                         | 111,984.19        | 158,942.82 | 8,961.88 | -           | 279,888.89          |
| <b>3,701.16</b>                           |                   |            |          |             | -                   |
| 255,030.16                                |                   |            |          |             | <b>279,888.89</b>   |
|   |                   |            |          |             |                     |
| 38,156.93                                 | 158,053.09        | 197,665.67 | 709.86   | -           | 356,428.63          |
| 380,086.47                                |                   |            |          |             | 1,388.53            |
| 418,243.40                                |                   |            |          |             | <b>357,817.16</b>   |
|   |                   |            |          |             |                     |
|   | -                 | -          | -        | -           | -                   |
|   | -                 | -          | -        | -           | -                   |
|   | 4,220.12          | 1,187.89   | -        | -           | 5,408.01            |
|   | -                 | -          | -        | -           | -                   |

## NOTES

## NOTES

## NOTES

## ATTENDANCE SLIP

GURUDEV



### **SURANA INDUSTRIES LIMITED**

**CIN: L27104TN1991PLC020533**

**Registered Office:** F-67, 68 & 69, SIPCOT Industrial Complex, Gummudipoondi – 601201.

**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*     |  | Folio No.     |  |
| Client ID* |  | No. of Shares |  |

**NAME AND ADDRESS OF THE SHAREHOLDER:**

I hereby record my presence at the **26<sup>th</sup> ANNUAL GENERAL MEETING** of the Company at **Le Raj Courtyard, 131/10, G.N.T. Road, Verkardu Village, Gummudipoondi Bypass, Thiruvallur - 601201, Friday, September 22, 2017 at 10.00 A.M.**

\*Applicable for investors holding shares in electronic form

\_\_\_\_\_  
Signature of Shareholder / Proxy

Tear here



GURUDEV

**SURANA INDUSTRIES LIMITED****CIN: L27104TN1991PLC020533****Registered Office:** F-67, 68 & 69, SIPCOT Industrial Complex, Gummudipoondi – 601201.

[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 **26<sup>th</sup> ANNUAL GENERAL MEETING** of the Company at **Le Raj Courtyard, 131/10, G.N.T. Road, Verkardu Village, Gummudipoondi Bypass, Thiruvallur - 601201, Friday, September 22, 2017 at 10.00 A.M.** and at any adjournment thereof in respect of such resolutions as are indicated below:

Tear here



| RESOLUTIONS  | FOR | AGAINST |
|--|-----|---------|
| <b>ORDINARY BUSINESSES</b>   |     |         |
| Consider and adopt the Audited Financial Statements for the year ended <b>31<sup>st</sup> March, 2017</b> . Together with the Report of the Board of Directors and Auditors thereon. |     |         |
| To Appoint a Director in place of <b>Shri.Dineshchand Surana (DIN: 00007032)</b> who retires by rotation and being eligible, offers himself for re-appointment.                      |     |         |
| Appointment of <b>M/s. VDSR &amp; Co., Chartered Accountants</b> as Statutory Auditors and fixing their remuneration.  |     |         |
| <b>SPECIAL BUSINESSES</b>  |     |         |
| Ratification of Remuneration Payable to <b>M/s. JV Associates, Cost and Management Accountants</b> , as Cost Auditors for the financial year 2017-18.                                |     |         |

Signed this..... day of.....2017

Affix a  
15 paise  
Revenue  
Stamp

Signature of shareholder

.....

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

.....