



GURUDEV

Surana Industries Limited



CIN : L27104TN1991PLC020533

H.O. : # 29, Whites Road, II Floor,
Royapettah, Chennai - 600 014. ☎ : 2852 6336, 2852 5127

★ Fax: 044-2852 0713 ★ Grams : "QURUHASTI"

Email: surana@suranaind.com ★ Website : www.suranaind.com

Ref: SIL/SEC/543/FY2015-2016

November 07, 2015

The Manager
National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Bandra-Kurla complex
Bandra (E), Mumbai – 400051.

The Deputy General Manger,
Department of Corporate Services,
Bombay Stock Exchange Limited,
23rd Floor, PJ Towers, Dalal Street,
Mumbai-400 001.

Dear Sir/Madam,

Sub: Outcome of the Board Meeting**Ref: Scrip Code: 513597, Scrip ID:SURANAIND, Symbol:SURANAIND**

The Board of Directors of the Company at their meeting held today (November 07, 2015), inter alia, approved the following:

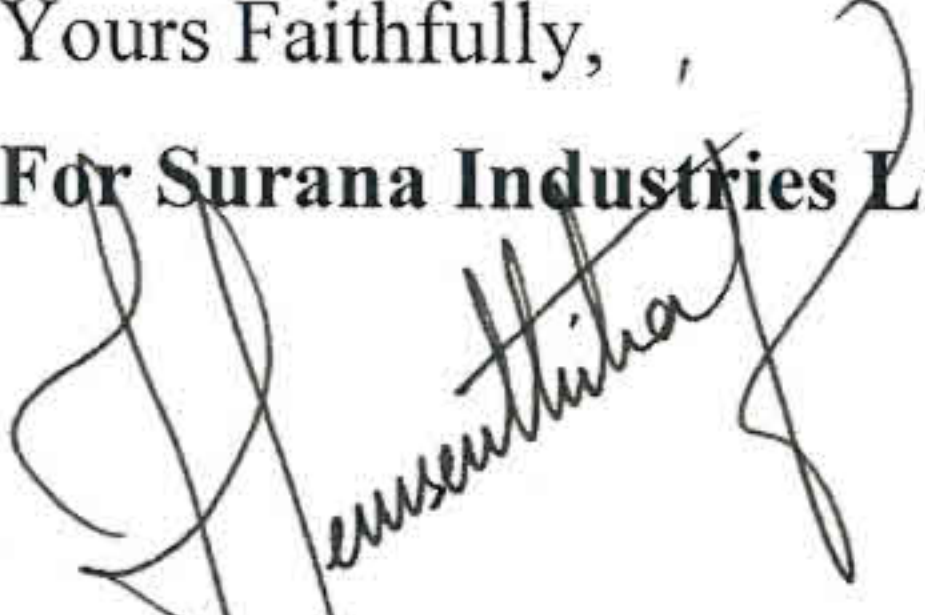
- a) The Un-Audited Financial Results as per Clause 41 of the Listing Agreement along with the Asset Liability Statement of the Company (Standalone) for the quarter and half year ended September 30, 2015.
- b) Adopted and approved the following policies as per Chapter III & IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - a) Policy on Determination of Material subsidiaries. (Clause 16 of LODR)
 - b) Policy on Document Retention. (Clause 9 of LODR)
 - c) Policy on Disclosure of Material Events/Information(Clause 30(4) (ii) of LODR).

This is for your information and records

Thanking You,

Yours Faithfully,

For Surana Industries Limited


D.Hem Senthil Raj
Company Secretary & Compliance Officer
M.No: A25451



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SURANA INDUSTRIES LIMITED

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Unaudited financial results for the quarter and half year ended September 30, 2015

Scrip Code: SURANAIND, Scrip ID: 513597, Symbol: SURANAIND



Part I : Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2015 (Standalone Operations)

Sl. No	Particulars	(In Rs. lakhs except equity share and per equity share data)					
		Quarter Ended			Half Year Ended		Year Ended
		September 30, 2015 Unaudited	June 30, 2015 Unaudited	September 30, 2014 Unaudited	September 30, 2015 Unaudited	September 30, 2014 Unaudited	March 31, 2015 Audited
1	Income from operations						
	(a) Net Sales/Income from Operations	17,725.43	21,556.45	9,429.14	39,281.88	18,503.74	64,217.62
	(b) Other Operating Income	102.87	115.26	-	218.13	-	-
	Total Income from operations (Net)	17,828.30	21,671.71	9,429.14	39,500.01	18,503.74	64,217.62
2	Expenses						
	(a) Cost of Material Consumed	1,381.37	1,742.06	3,838.05	3,123.43	6,221.44	9,871.63
	(b) Purchases of stock -in-trade	15,313.52	20,480.49	5,214.83	35,794.01	11,723.61	50,101.40
	(c) Changes in inventories of Finished Goods, WIP and Stock-in-trade	2,842.62	(406.50)	383.15	2,436.12	470.19	4,148.99
	(d) Employee Benefits Expenses	153.98	140.73	150.87	294.71	287.82	456.41
	(e) Depreciation and Amortisation Expenses	1,078.43	1,069.00	3,794.94	2,147.43	3,882.20	6,183.36
	(f) Other Expenses	6,088.61	579.11	391.26	6,667.72	955.83	4,066.88
	Total Expenses	26,858.53	23,604.89	13,773.10	50,463.42	23,541.09	74,828.67
3	Profit/(Loss) from operations before other income and finance costs and tax (1 - 2)	(9,030.23)	(1,933.18)	(4,343.96)	(10,963.41)	(5,037.35)	(10,611.05)
4	Other Income	416.41	13.16	(0.85)	429.57	583.99	797.39
5	Profit/(Loss) from ordinary activities before finance costs and tax (3 + 4)	(8,613.82)	(1,920.02)	(4,344.81)	(10,533.84)	(4,453.36)	(9,813.66)
6	Finance costs	4,483.65	4,231.85	3,958.80	8,715.50	5,663.82	13,635.78
7	Profit/(Loss) from ordinary activities before exceptional items and tax (5 - 6)	(13,097.47)	(6,151.87)	(8,303.61)	(19,249.34)	(10,117.18)	(23,449.44)
8	Exceptional Items	-	-	-	-	-	-
9	Profit/(Loss) for the period before tax (7-8)	(13,097.47)	(6,151.87)	(8,303.61)	(19,249.34)	(10,117.18)	(23,449.44)
10	Tax expense	-	-	4,118.55	-	3,385.65	2,829.45
11	Net Profit/(Loss) for the period after taxes (9-10)	(13,097.47)	(6,151.87)	(12,422.16)	(19,249.34)	(13,502.83)	(26,278.89)
12	Paid-up equity share capital (face value Rs. 10/-)	4,451.91	4,451.91	4,451.91	4,451.91	4,451.91	4,451.91
13	Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year	-	-	-	-	-	62,332.00
14	Earning Per Share (Rs.) - Basic and Diluted	(29.42)	(13.82)	(27.90)	(43.24)	(30.33)	(59.03)



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Unaudited financial results for the quarter and half year ended September 30, 2015

Scrip Code: SURANAIND, Scrip ID: 513597, Symbol:SURANAIND



Part II : Select Information for the Quarter and Half year ended September 30, 2015

Sl. No	Particulars	Quarter Ended			Half Year Ended		Year Ended March 31, 2015
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	
A	PARTICULARS OF SHAREHOLDING						
1	Public Shareholding						
	- Number of Shares	24,211,565	24,211,565	24,211,565	24,211,565	24,211,565	24,211,565
	- Percentage of shareholding	54.38%	54.38%	54.38%	54.38%	54.38%	54.38%
2	Promoters and Promoter Group Shareholding						
	a. Pledged / Encumbered						
	- Number of shares	20,307,502	20,307,502	20,307,502	20,307,502	20,307,502	20,307,502
	- Percentage of shares	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares	45.62%	45.62%	45.62%	45.62%	45.62%	45.62%
	b. Non -encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares	-	-	-	-	-	-
	- Percentage of shares	-	-	-	-	-	-

Particulars	Quarter ended September 30, 2015
B INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	Nil
Received during the quarter	Nil
Disposed of during the quarter	Nil
Remaining unresolved at the end of the quarter	Nil



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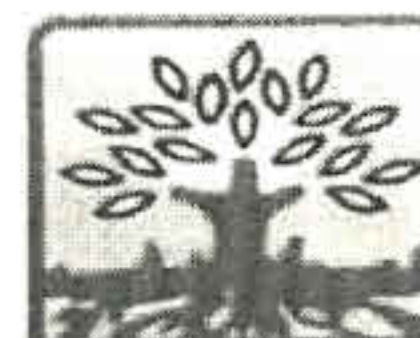
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Scrip Code: SURANAIND, Scrip ID: 513597, Symbol: SURANAIND



Part I : Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2015 (Standalone Operations)

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Rupees in lakhs)

Sl.NO	Particulars	As at September 30, 2015 Unaudited	As at March 31, 2015 Audited
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	4,451.91	4,451.91
	(b) Reserves and surplus	43,664.30	62,913.63
	Sub - total - Shareholders' funds	48,116.21	67,365.54
2	Non-Current liabilities		
	(a) Long-Term borrowings	91,622.41	85,566.09
	(b) Other Long - term liabilities	5,877.64	5,877.64
	(c) Long term provisions	11,047.77	8,482.09
	Sub - total - Non Current Liabilities	108,547.82	99,925.82
3	Current liabilities		
	(a) Short-term borrowings	41,254.52	39,813.39
	(b) Trade payables	14,173.88	11,644.39
	(c) Other current liabilities	6,356.72	5,749.45
	(d) Short term provisions	99.68	103.05
	Sub - total - Current Liabilities	61,884.80	57,310.28
	TOTAL - EQUITY AND LIABILITIES	218,548.83	224,601.64
B	ASSETS		
1	Non Current Assets		
	(a) Fixed Assets	76,993.52	86,155.00
	(b) Non current investments	3.09	3.09
	(c) Long term loans and advances	20,149.70	19,574.25
	Sub - total - Non Current Assets	97,146.31	105,732.34
2	Current Assets		
	(a) Current investments	53,313.62	53,424.14
	(b) Inventories	26,165.87	25,869.43
	(c) Trade receivables	38,838.55	33,602.73
	(d) Cash and cash equivalents	879.45	2,777.51
	(e) Short term loans and advances	2,205.03	3,195.49
	Sub - total - Current Assets	121,402.52	118,869.30
	TOTAL - ASSETS	218,548.83	224,601.64





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Notes:

1. The above statement of Unaudited Standalone Financial Results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 7th November 2015.
2. The statutory auditors of the Company have carried out a Limited Review (LR) of the Unaudited Financial Results for the quarter and half year ended 30th September 2015. The auditors have issued a qualified limited review report and out responses are stated in paragraph 10.
3. 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 segment as per the Accounting Standard 17 on Segment Reporting.
4. In respect of the Raichur Integrated Steel Plant, during the period :
 - (a) Necessary preparedness to restart the DRI plant has been initiated including working capital release.
 - (b) Rolling Mill and Steel Melting Shop are under refurbishment and is expected to be operational thereafter.
 - (c) The company has shelved the Pelletization and Beneficiation Project (P&B project) due to difficulty in tying-up loan and equity funds and this has been informed to consortium and CDR-EG. Consequential thereto, the related amount of CWIP shall be transferred to the appropriate heads under Fixed Assets.
 - (d) Further to the matter stated in paragraph (c) above, the lead bank IDBI has appointed ITCOT Consultancy and Services Ltd. for carrying out standalone viability study of the plant. The report thereof has since been submitted to the lead bank IDBI, which is under review.
 - (e) There were instances of labour agitation reported at Raichur Factory which is being brought under control by the Management.



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5. The Company has informed to the consortium of lenders and sought extension for repayment of loan which is under discussion with the lenders and CDR-EG.
6. Certain Liabilities amounting to Rs. 4.10 Crores which are no longer required to be carried forward as payables have been written back in the current quarter and have been shown under the head Other Income.
7. In the high level joint lenders meeting held on 22nd September'2015 at IDBI-Mumbai, the lenders have discussed with regard to conversion of WCTL and FITL amount into Equity in terms of the RBI Circular dated 8th June'2015 on Strategic Debt Restructuring (SDR), the final outcome of which is awaited.
8. The Company has one material subsidiary viz. Surana Power Ltd (SPL) which is currently non-operational as its 35 MW coal fired power plant is meant for the captive power consumption of the integrated steel plant at Raichur of SIL which is under shut down for the past two years due to labour and working capital issues. Further the 2x210 MW Thermal Power Plant at Raichur under implementation has also been stalled mid-way and is under SARFAESI. It is understood from the lead bank IDBI after the high level joint lenders meeting held on 22nd September'2015 at IDBI, Mumbai that this project will be offered for sale to any suitable bidder, post their receiving the appropriate mandate from other consortium lenders.
9. Figures of the previous quarters/period/year have been regrouped and reclassified wherever considered necessary to conform to the current period's classification.





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10. Auditors Comments:

Matters qualified in the Auditors Report for the year ended 31st March 2015 (and also applicable for the quarter and half year ended September 30, 2015) and our responses are as follows:

- (i) Capital work in progress as at September 30, 2015 include:
 - (a) Interest on borrowings aggregating to Rs. 5,313.27 lakhs (including Rs. 614.41 lakhs for the quarter and Rs. 1,236.82 lakhs for the half year ended September 30, 2015) relating to the periods during which the project has been stalled, which is a departure from Accounting Standard 16 (AS-16) on "Borrowing Costs". Had the interest capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, finance cost and loss for the quarter and half year ended September 30, 2015 would have been higher by Rs. 614.41 lakhs and Rs. 1,236.82 lakhs respectively.
 - (b) Preoperative expenses incurred in relation to the project aggregating to Rs. 68.36 lakhs (including Rs. Nil for the quarter and half year ended September 30, 2015) relating to the periods during which the project has been stalled, which is a departure from Accounting Standard 10 (AS-10) on "Fixed Assets". Had such expenditure capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, other expenses and loss for the quarter and half year ended September 30, 2015 would have been higher by Rs. 68.36 lakhs.

Our Submission:

Considering the exceptional nature of this industry and prolonged project implementation period, this is being retained under capital work in progress as per the CDR package. The status of the project would be reviewed and concluded upon completion of the viability study as referred to in Note 4 (d) above.





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(ii) Current investments include investments made in:

- (a) Surana Power Limited ("SPL"), a subsidiary, amounting to Rs. 41,850.00 lakhs valued at cost, in respect of which no operations have been carried out since August 2013 and its ongoing 2 X 210 MW power project has been stalled for want of additional funds;
- (b) Surana Mines and Minerals Limited ("SMML"), a wholly owned subsidiary based in Singapore, amounting to Rs. 5,848.26 lakhs valued at cost; and
- (c) Surana Green Power Limited ("SGPL"), a wholly owned subsidiary amounting to Rs. 5,615.36 lakhs valued at cost.

The Company is planning to dispose these investments, which are stated at cost without assessment of their net realizable value. As per Accounting Standard 13 – Accounting for Investments, these investments should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments, if any, that may be required to the carrying value of the investments as at September 30, 2015.

Our Submission:

The Board of Directors have approved the disposal of investments in subsidiary companies. The Company is into advanced negotiations with prospective buyers and is seeking best alternatives for maximizing the value of the investments. In the opinion of the management, the Company will be able to realize the carrying value of the said investments and hence, no adjustments to the carrying values of these investments have been considered necessary.

- (iii) Inventory aggregating to Rs. 26,165.87 lakhs the quantity, quality and realizable value of which were not assessed and determined. As per Accounting Standard 2 – Inventories, these inventories should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments that may be required to the carrying values of these inventories as at September 30, 2015.





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Our submission:

Owing to a number of factors such as non-availability of raw materials, rupee depreciation, power curtailment, high interest burden, labour agitation and cost overrun of its projects, the Raichur plant of the Company has not been operated since April 2013. In the absence of production, there has been no issue or consumption of inventories at its Raichur plant. Inventories lying at the facilities will be physically weighed on resumption of production and blended with fresh materials purchased for use in production / sales. Hence management is of the view that any adjustment arising out of such physical verification, segregation and blending will not be material and will be dealt with in the normal course of business.

**By order of the Board
For Surana Industries Limited**

**Dineshchand Surana
Managing Director**

**Date : 07th November 2015
Place : Chennai, India**



INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS OF SURANA INDUSTRIES LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **SURANA INDUSTRIES LIMITED** ("the Company") for the Quarter and Half Year ended September 30, 2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 7 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

3. *Capital work in progress as at September 30, 2015 include:*
 - (a) *Interest on borrowings aggregating to Rs. 5,313.27 lakhs (including Rs. 614.41 lakhs for the quarter and Rs. 1,236.82 lakhs for the half year ended September 30, 2015) relating to the periods during which the project has been stalled, which is a departure from Accounting Standard 16 (AS-16) on "Borrowing Costs". Had the interest capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, finance cost and loss for the quarter and half year ended September 30, 2015 would have been higher by Rs. 614.41 lakhs and Rs. 1,236.82 lakhs respectively.*
 - (b) *Preoperative expenses incurred in relation to the project aggregating to Rs. 68.36 lakhs (including Rs. Nil for the quarter and half year ended September 30, 2015) relating to the periods during which the project has been stalled, which is a departure from Accounting Standard 10 (AS-10) on "Fixed Assets". Had such expenditure capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, other expenses and loss for the quarter and half year ended September 30, 2015 would have been higher by Rs. 68.36 lakhs.*



4. *Current investments include investments made in:*

- (a) Surana Power Limited ("SPL"), a subsidiary, amounting to Rs. 41,850.00 lakhs valued at cost, in respect of which no operations have been carried out since August 2013 and its ongoing 2 X 210 MW power project has been stalled for want of additional funds;*
- (b) Surana Mines and Minerals Limited ("SMML"), a wholly owned subsidiary based in Singapore, amounting to Rs. 5,848.26 lakhs valued at cost; and*
- (c) Surana Green Power Limited ("SGPL"), a wholly owned subsidiary amounting to Rs. 5,615.36 lakhs valued at cost.*

As stated in Note No. 10, the Company is planning to dispose these investments, which are stated at cost without assessment of their net realizable value. As per Accounting Standard 13 – Accounting for Investments, these investments should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments, if any, that may be required to the carrying value of the investments as at September 30, 2015.

5. *Attention is invited to Note No 10 relating to inventory aggregating to Rs. 26,165.87 lakhs the quantity, quality and realizable value of which were not assessed and determined. As per Accounting Standard 2 – Inventories, these inventories should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments that may be required to the carrying values of these inventories as at September 30, 2015.*

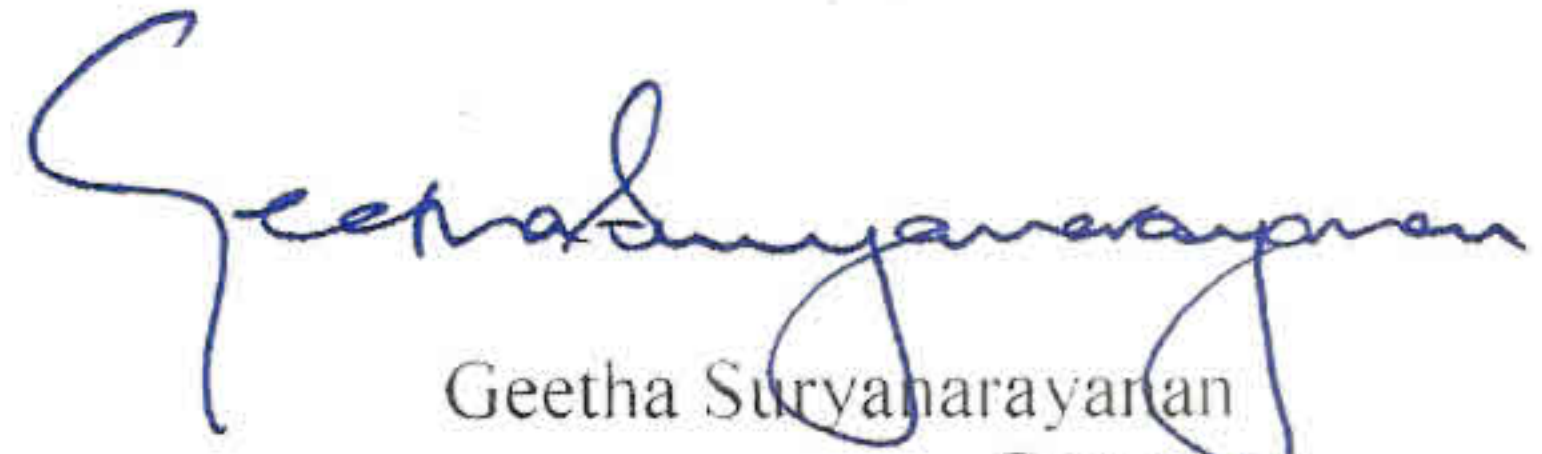
Qualified Conclusion

6. *Based on our review conducted as stated above, except for the effect of the matters described in paragraphs 3 above and except for the possible effects of the matters described in paragraphs 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.*



7. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter Ended September 30, 2015 of the Statement, from the details furnished by the Registrars.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Geetha Suryanarayanan
Partner
(Membership No. 29519)

CHENNAI, November 7, 2015

