



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/ /07 /FY2017-2018

August 12, 2017

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

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

Dear Sir,

Sub: Outcome of Board Meeting and other updates.

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

We wish to inform you that the Board of Directors of the Company at its meeting held today (August 12, 2017) has approved the following:

- Un-Audited financial results (Standalone) for the quarter ended June 30, 2017 along with the Limited Review Report.
- To hold the 26th Annual General Meeting of the Company on Saturday, the 30th September, 2017.

In connection to the 26th Annual General Meeting, to close the Register of Members and Share Transfer Books of the Company from September 23, 2017 to September 30, 2017 (both days inclusive).

This is for your information and records.

Thanking You,

Yours Faithfully,

For SURANA INDUSTRIES LIMITED

K. Vinodh
COMPANY SECRETARY



**GURUDEV
SURANA INDUSTRIES LIMITED**

Registered Office: #67, 68 & 69, SPCOT INDUSTRIAL COMPLEX, GUMMIDIPONDY - 601 201
CIN : L27104TN1991PLC020533 Email : secretarial@suranaind.com, www.suranaind.com

Scrip Code: SURANAIND, Scrip ID: 513597, Symbol: SURANAIND
Statement of Standalone Audited financial results for the quarter ended 30/06/2017



PART I

(In Rs. lakhs except equity share and per equity share data)

S.No.	PARTICULARS	Quarter ended			Year ended		
		June 30,2017		March 31,2017		June 30,2016	March 31,2017
		Unaudited	Audited	Unaudited		Audited	
1	Revenue from operations	1,465.75	4,856.95	982.55	6,841.35		
2	Other income	158.81	127.36	0.84	178.24		
3	Total income [1+2]	1,624.56	4,984.31	983.39	7,019.59		
4	Expenses						
	(a) Cost of material consumed	-	207.48	686.41	1,776.82		
	(b) Excise duty	-	324.63	28.63	517.47		
	(c) Purchases of Stock in trade	1,357.23	3,728.16	61.49	3,728.16		
	(d) Changes in inventories of finished goods , stock-in-trade and work in progress	91.49	6,084.99	-5.95	6,085.09		
	(e) Employee benefits expense	52.80	258.06	115.97	515.77		
	(f) Finance Cost	5,092.77	13,281.78	4354.42	26,565.91		
	(g) Depreciation and amortisation expense	996.95	863.33	1039.04	3,978.84		
	(h) Other expenses	70.27	12,195.83	346.27	13,005.03		
	Total expenses [4(a) to 4(h)]	7,661.52	36,944.25	6,626.28	56,173.09		
5	Profit /Loss before exceptional items and tax[3-4]	(6,036.96)	(31,959.95)	(5,642.89)	(49,153.51)		
6	Exceptional items						
	a) Profit/(loss) on sale of non current investments	-	-	-	-		
	b) Provision for diminution in value of investments /doubtful advances	-	-	-	5,615.36		
	c) Provision for impairment of non-current assets	-	-	-	6,057.04		
	d) Provision for demands and claims	-	-	-	-		
	e) Employee separation compensation	-	-	-	-		
	f)Restructing and other provisions	-	-	-	-		
	Total Exceptional intems [6(a) to 6(b)]	-	-	-	-		
7	Profit/(loss) before tax [5-6]	(6,036.96)	(31,959.95)	(5,642.89)	11,672.40		
8	Tax expenses				(60,825.91)		
	a) Current tax	-	-	-	-		
	b) Deferred tax	-	-	-	-		
	Total tax expenses [8(a) to 8(b)]	-	-	-	-		
9	Profit/(loss) for the period from continuing operations [7-8]	(6,036.96)	(31,959.95)	(5,642.89)	(60,825.91)		
10	Profit/(loss) for the period from discontinuing operations						
11	Profit/(loss) before tax [9+10]	(6,036.96)	(31,959.95)	(5,642.89)	(60,825.91)		
12	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	-	-	-	-		
13	Total Other comprehensive income [12A+12B]	-	-	-	-		
14	Total comprehensive income [11+13]	(6,036.96)	(31,959.95)	(5,642.89)	(60,825.91)		
15	Earnings per equity share for continuing operations						
	(i) Basic	(11.86)	(62.78)	(12.68)	(119.48)		
	(ii) Diluted	(11.86)	(62.78)	(12.68)	(119.48)		

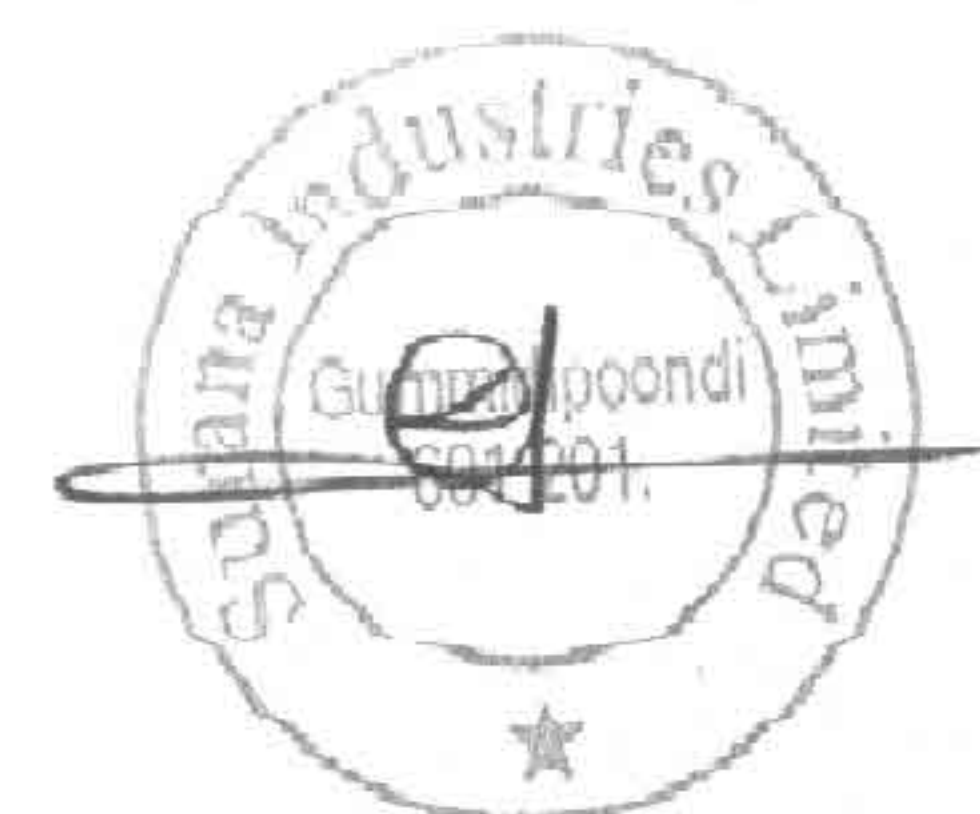
Notes:

1. The above statement of Audited Standalone Financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 12.08.2017
2. 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.
3. In view of the continuing adverse market conditions, ban on mining imposed by the Hon'ble supreme court of India and consequential economic impact on the Steel Industry and the resultant impact of lenders not sanctioning the project loan, it has been decided to not to proceed further with the Pelletisation and Beneficiation Project at Raichur. Despite shelving this project during the financial year 2015-16, based on the Techno Economic Viability (TEV) Study of Raichur plant on a standalone basis, conducted by an independent agency, the Company is of the view that the plant is sustainable with right product mix of alloy steel and other fast moving iron and steel products.
4. 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 . Subsequently , the IDBI lead bank, acting itself and on behalf of consortium banks on 25th May 2017 has taken the possession of the all secured assets located at Raichur, Bangalore and Gummidipoondi under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002



("SARFAESI").

5. Management has provided on prudent basis for interest based on the information available as per the terms of the prevailing loan agreements without having any balance confirmation from the banks with respect to accrual of interest payable. Accordingly the actual interest payment to the banks may vary from the amount already accounted.
6. 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 on 14th March 2016. 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. The said allotted 63,91,582 equity shares @72.82 to Shri. Dineshchand Surana is not listed since post issue process of listing of share are pending with stock exchange due to legal/ technical issue pending for approval from consortium bankers.
7. The Board had, previously, 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 the company has the core competencies. The company is in the process of identifying the prospective buyers for SMML. With respect to SGPL, the subsidiary has closed its loan liability with SBI through sale of its windmills. Majority of wind assets belonging to the step down subsidiary SGEL has been sold and the investments in these subsidiaries have been fully provided in the previous year.
8. 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 Ltd. 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.

9. 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, 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. 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.
10. The company has adopted Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
11. The Company has only one business segment namely Iron and Steel products and operates out of single geographical region i.e South India.
12. **Auditors Comment on Standalone Unaudited Financial Results :**
 - a. We refer to the Note No.6 relating to the investment in its subsidiaries Surana Power Limited ("SPL"). The carrying value of the investment in the SPL as at June 30, 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.

Our Submission:

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. Accordingly, the company has not made any provision in this regard.



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.

- b. Attention is invited to Note No. 6 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.

Our Submission:

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.

- b. Inventory as at June 30, 2017 aggregated to Rs.14,787.13/- 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 June 30, 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.

Our Submission:

During the previous year the physical verification of stock has been carried out by the stock auditors appointed by the lenders based on which the stocks have been provided to the extent of deterioration identified on a scientific basis.

With regard to the balance stock, the same shall be assessed at the time of resumption of production and appropriate adjustments as required shall be done. We are of the opinion that any such adjustment so arising will not be material.

- c. The Company has considered trade receivables outstanding for more than one year of Rs. 11,903.39 Lakhs and capital advances of Rs. 6,120.88, 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 June 30, 2017.

Our submission:

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. 11,903.39 lakhs is concern it is adequately provided and the same is considered good and fully recoverable



- d. Had the provision been made for the investment in subsidiary and financial liability arising out of the guarantee as referred to in paragraph (a) above, had the provision been made for investment in subsidiary as referred to in paragraph (b) above and had the provision been made for trade receivables and capital advances as referred to in paragraph (e), the loss would have been increased by Rs.79,223.03 Lakhs and consequently net worth would have been reduced by Rs. 79,223.03 Lakhs respectively.

Our submission:

Covered by responses to the individual items as mentioned above

- e. The Company has incurred net loss of Rs. 6,036.96 Lakhs and as of that date, the Company's accumulated losses aggregate to Rs. 1,40,868.60 Lakhs resulting in erosion of its net worth as at June 30, 2017. These conditions along with other matters as set forth in the aforesaid note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial results for the quarter ended June 30, 2017 have been prepared on a going concern basis in spite of negative net worth. 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 June30, 2017.

Our submission:

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.

For and on behalf of the Board of Directors

Place : Chennai

Date : 12.08.2017



Dineshchand Surana
Managing Director
(DIN:00007032)



Office:
3A, 3rd Floor, Amber Crest Apartments,
No. 37, Pantheon Road,
(Near Mercury Hospital),
Egmore, Chennai - 600 008.
Tel : 044-2855 4447, 2855 4019
Email : office@kapasi.net
Web : www.vdsr.co.in

Branch:
3rd Floor, Karuna Complex,
No. 337, Sampige Road,
Malleswaram, Bangalore - 560 003.
Tel: 080-23312779, 23313725
Email: kamath@vdsr.co.in

Independent Auditor's Review Report on Interim Financial Results

**The Board of Directors
Surana Industries Limited
Chennai**

Introduction

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **Surana Industries Limited** ("the Company") for the quarter ended June 31, 201 and year to date from April 01, 2017 to June 30, 2017 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI Circular No CIR/CFD/FAC/62/2016 dated 5th July 2016. This Statement is the responsibility of the Company's management and the Board of Directors and is required to be prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind As 34"), prescribed under section 133 of the Companies Act 2013 read with the relevant Rules issued thereunder and accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review. Refer our comments in the paragraph 3 below.

Scope of the review

2. We conducted our review in accordance with the Standard on Review Engagement (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 financial statements are 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.



V D S R & Co.
CHARTERED ACCOUNTANTS

Office:
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No. 37, Pantheon Road,
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Basis of adverse conclusion:

- 3.
- a. We refer to the Note No.6 relating to the investment in its subsidiaries Surana Power Limited ("SPL"). The carrying value of the investment in the SPL as at June 30, 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.
 - b. Attention is invited to Note No. 6 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.
 - c. Inventory as at June 30, 2017 aggregated to Rs.14,787.13/- 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 June 30, 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.
 - d. The Company has considered trade receivables outstanding for more than one year of Rs. 11,903.39 Lakhs and capital advances of Rs. 6,120.88, 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 June 30, 2017.
 - e. Had the provision been made for the investment in subsidiary and financial liability arising out of the guarantee as referred to in paragraph (a) above, had the provision been made for investment in subsidiary as referred to in paragraph (b) above and had the provision been made for trade receivables and capital advances as referred to in paragraph (c), the loss would have been increased by Rs.79,223.03 Lakhs and consequently net worth would have been reduced by Rs. 79,223.03 Lakhs respectively.



V D S R & Co.
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- f. The Company has incurred net loss of Rs. 6,036.96 Lakhs and as of that date, the Company's accumulated losses aggregate to Rs. 1,40,868.60 Lakhs resulting in erosion of its net worth as at June 30, 2017. These conditions along with other matters as set forth in the aforesaid note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial results for the quarter ended June 30, 2017 have been prepared on a going concern basis in spite of negative net worth. 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 June 30, 2017.

Adverse conclusion

Based on our review conducted as stated above, due to the significance and the possible effects of the matters described in paragraph 3 above, the accompanying Statement has not been prepared in accordance with Ind AS and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by Circular NO. CIR/CFD/FAC/ 62/2016 dated July 5, 2016, including the manner in which it is to be disclosed and the Statement may contain material misstatements.

For V D S R & Co,
Chartered Accountants
F.R. No 001626S


Sathish Kumar R K
Partner
Membership No :220263



Place : Chennai.
Date : 12th August 2017