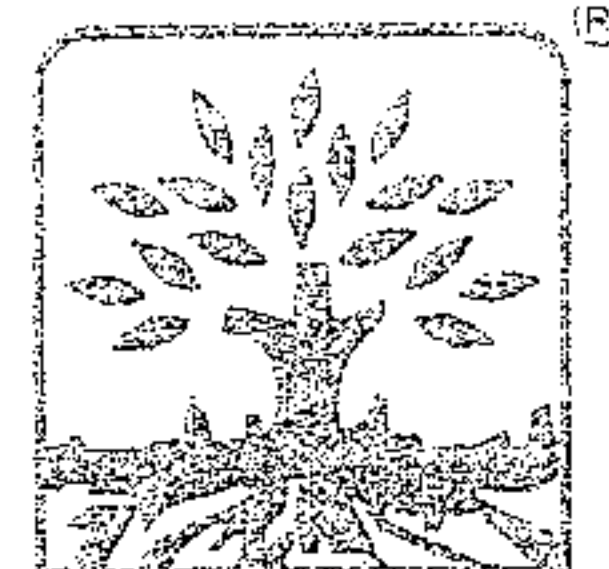




Surana Industries Limited

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★ Fax: 044-2852 0713, ★ Grams : "GURUHASTI"
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Sil/Sec/Listing/ *894* /2012

Date 25.06.12

The Department of Corporate Services,
Bombay Stock Exchange Limited,
Phiroze Jheejbhoy Towers,
Dalal Street,
Mumbai- 400 001.

Scrip Code: 513597

Dear Sir,

Sub: Clarification on News Item appearing in Economic Times of 21st June 2012 (Chennai Edition)

We refer to the News Item appearing in a leading financial daily titled "Surana Industries' high-priced preferential allotment raises eyebrows".

The news item has raised questions about the pricing of the preferential allotment of 77,00,000 equity shares of our Company. The facts are explained below:

1. The Company on 26th March 2012 issued a Notice to shareholders for approval to issue upto a maximum of 77,00,000 shares on preferential basis via postal ballot. The shareholders approved the postal ballot on 7th May 2012. Pursuant to the approval, the preferential allotment of 77,00,000 was made to investors at an issue price of Rs. 500 per share. It is to be noted that the Minimum price calculated in accordance with Regulation 76 of SEBI (ICDR) Regulations, 2009 is Rs. 362 approx. The issue price of Rs. 500 per share is above the Minimum applicable price.

The Company is currently executing Phase I of the Backward Integration Programme viz. Setting up of 1.3 MTPA Beneficiation & 1.2 MTPA Pelletization plant. The end use of the funds are for meeting working capital requirements, repayment of unsecured loans, repayment of Bank loans and to meet Capital expenditure plans of the Company. To this effect the Company has utilized the amount raised as under:

- a. Repayment of Unsecured loans- Rs. 235 crores;
- b. Working Capital- Rs. 50 crores;
- c. Expansion programme- Rs. 100 crores.

Further, the company is also having 100% subsidiaries by name Surana Power Ltd, Surana Green Power Ltd and Surana Mines and Minerals Ltd.

Surana Power Ltd ("SPL") is owning 35 MW Power Plant and is also establishing 2 x 210 MW Power Plant at a total cost of Rs. 2400 crores. SPL is expected to commence generation of power by next year. Surana Mines and Minerals Ltd, Singapore ("SMML") is having mining arrangement



for extraction of coal and the total reserves of coal have been estimated at 60 Million Tons. The mining operations have commenced and SMML is expected to commence full exports in the next year.

It is to be noted that all the above facts are in public knowledge being part of the Annual Audited Accounts, the Notice of Postal Ballot and various other announcements made by the Company from time to time. This information is thus available to all the stakeholders of the Company. The investors share the long term vision and growth prospects of the Company and have considered the future potentiality of the Company while investing in the Company.

2. The Company had issued FCCB's in 2007 for US\$ 25 million which were due for conversion/redemption in June 2012 in accordance with the Final offering Circular issued in 2007. It is to be noted that the FCCB's are convertible into equity shares as per price formula indicated in the Issue document anytime within the said five years at the option of the bondholders. On receipt of the Conversion notices, the allotment committee of the Board has converted the Bonds into equity shares at conversion price of Rs. 136.21 calculated in accordance with the Issue documents.
3. The Stock prices & trading volumes of the scrip are function of various factors in the market. The Company cannot comment on the same.

Considering the above facts, we submit that there is no impact on the business.

We request you to kindly take the above on record and disseminate the same.

Thanking you.

Yours faithfully,

For Surana Industries Limited

V. Aranganathan

Director (Finance & Accounts)

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(SURANAIND)

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