

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 Six Months ended 30 September, 2014 ("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 6 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. We observed the following matters:
 - a. Capital work in progress as at 30 September, 2014 relating to the Pelletisation and Benefication plant at Raichur, amounting to Rs 23917 Lakhs (work for which has been stalled since January 2013 for want of additional equity and finance) includes :
 - i. interest on borrowing costs amounting to Rs 5396 Lakhs (Rs 482 Lakhs capitalized during the quarter ended 30 June 2014 and Rs. 593 Lakhs capitalized during the quarter ended 30 September 2014), which has been determined based on the gross interest charged by the banks as against the weighted average of the borrowing costs applicable to the borrowings outstanding during the relevant periods.
 - ii. Interest on borrowings relating to the periods during which the project has been stalled.
 - b. Trade receivable as at 30 September, 2014 includes amounts receivable from certain parties amounting to Rs 33115 Lakhs, which is subject to confirmation and reconciliation.
 - c. Long term advances includes an amount of Rs 24287 Lakhs paid for construction of civil work for Pelletisation and Benefication plant at Raichur, which is subject to confirmation and reconciliation.

In view of what is stated above, we are unable to determine whether any adjustments would be required in respect of the carrying values of capital work in progress, trade receivable and long term advances.



Qualification

4. Based on our review conducted as stated above, *except for the possible effects of the matters described in paragraph 3 above*, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable in respect of 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, and 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.
5. We draw attention to the following matters:
- a. Long term unquoted investments includes investment made in Surana Power Limited, a wholly owned subsidiary, amounting to Rs 39100 Lakhs, 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 reasons stated in Note 10 of the Statement, the Company has not recorded diminution in the value of the above investment.
 - b. i) The Company's financing arrangements for the Beneficiation and Pelletisation Project under the Corporate Debt Restructuring ("CDR") package is required to be tied up before 31 December 2014. The promoters are also required to infuse equity in terms of the CDR package for the Beneficiation and Pelletisation Project.
ii) The operations at the Raichur plant of the Company have been stalled since January 2013.
Pending infusion of finance and equity as stated in paragraph (i) above, and successful recommencement of the operations / completion of the project, the Company has not recorded any adjustment to the carrying values of the fixed assets and inventory relating to above project / plant.
 - c. Depreciation has been provided by the Company on its fixed assets on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956. As stated in Note 9, the Company is in the process of evaluating the adoption of useful lives of assets as specified in Part C to Schedule II for its assets.

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

6. 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 and Six Months Ended 30 September, 2014 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
Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai, November 14, 2014

GURUDEV SURANA INDUSTRIES LIMITED Regd Office: #29, Whites Road, 11th Floor, Royapettah, Chennai-600 014 CIN : L27104TN1991PLC020533 Email : info@suranaind.com, www.suranaind.com Unaudited financial results for the quarter and half year ended September 30, 2014 Scrip Code: SURANAIND, Scrip ID: 513597, Symbol: SURANAIND							
Part I : Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2014 (Standalone Operations)							
(Rupees in lakhs except EPS and shareholding data)							
Sl. No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations						
	Income from operations	9,429.14	9,074.60	17,010.35	18,503.74	32,500.32	55,520.60
	Total Income from operations	9,429.14	9,074.60	17,010.35	18,503.74	32,500.32	55,520.60
2	Expenses						
	(a) Cost of Material Consumed	3,838.05	2,383.39	16,429.57	6,221.44	30,978.10	43,788.60
	(b) Purchased of stock -in-trade	5,214.83	6,508.78		11,723.61		10,755.91
	(c) Changes in inventories of finished goods	383.15	87.04	481.53	470.19	252.53	2,596.87
	(c) Employees' Remuneration and Benefits	150.87	136.95	313.65	287.82	614.82	1,293.32
	(d) Other expenditure	391.26	564.57	717.70	955.83	1,440.18	2,776.98
	(e) Depreciation and Amortisation	3,794.94	87.26	943.61	3,882.20	1,919.30	3,192.79
	Total Expenses	13,773.10	9,767.99	18,866.06	23,541.09	35,204.93	64,404.47
3	Profit/(Loss) from operations before other income and finance costs (1 - 2)	(4,343.96)	(693.39)	(1,875.71)	(5,037.35)	(2,704.61)	(8,883.87)
4	Other Income	(0.85)	584.84	66.28	583.99	148.72	302.51
5	Profit/(Loss) from ordinary activities before finance costs (3 + 4)	(4,344.81)	(108.55)	(1,809.43)	(4,453.36)	(2,555.89)	(8,581.36)
6	Finance costs	3,958.80	1,705.02	2,604.00	5,663.82	5,239.73	14,806.16
7	Profit/(Loss) from ordinary activities before tax (5 - 6)	(8,303.61)	(1,813.57)	(4,413.43)	(10,117.18)	(7,795.62)	(23,387.52)
8	Tax expense	4,118.55	(732.90)	(1,546.95)	3,385.65	(2,640.61)	(7,841.40)
9	Net Profit/(Loss) for the period after taxes (7-8)	(12,422.16)	(1,080.67)	(2,866.48)	(13,502.53)	(5,155.01)	(15,546.12)
10	Share in Profit/(Loss) of Associates	-	-	-	-	-	-
11	Minority interest	-	-	-	-	-	-
12	Net Profit/(Loss) after taxes, Minority interest and share of profit/(loss) of associates (9 + 10 + 11)	(12,422.16)	(1,080.67)	(2,866.48)	(13,502.53)	(5,155.01)	(15,546.12)
13	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
14	Reserves excluding revaluation reserves	-	-	-	-	-	89,256.53
15	Earning Per Share (Rs.) - Basic and Diluted	(27.90)	(2.43)	(6.44)	(30.33)	(11.58)	(34.92)
Part II : Select Information for the Quarter and Half year ended September 30, 2014							
Sl. No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 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	11,150,000	20,307,502	11,150,000	13,427,676
	- Percentage of shares	100.00	100.00	54.91	100.00	54.91	66.12
	(as a % of the total shareholding of the promoter and promoter group)						
	- Percentage of shares	45.62	45.62	25.05%	45.62	25.05%	30.16%
	(as a % of the total share capital of the Company)						
	b. Non -encumbered						
	- Number of shares	-	-	9,157,502	-	9,157,502	6,879,826
	- Percentage of shares	0.00%	0.00%	45.09%	0.00%	45.09%	33.87%
	(as a % of the total shareholding of the promoter and promoter group)						
	- Percentage of shares	0.00%	0.00%	20.57%	0.00%	20.57%	15.45%
	(as a % of the total share capital of the Company)						
B	INVESTOR COMPLAINTS	3 months ended September 30, 2014					
	Pending at the beginning of the quarter	Nil					
	Received during the quarter	Nil					
	Disposed during the quarter	Nil					
	Remaining unresolved at the end of the quarter	Nil					



STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Rupees in lakhs)

SLNO	Particulars	As at September 30, 2014	As at March 31, 2014
		Unaudited	Audited
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share Capital	4,452	4,452
	(b) Reserves and Surplus	76,301	89,837
	Sub - total - Shareholders' funds	80,753	94,289
2	Share Application Money Pending Allotment	-	-
3	Non-Current liabilities		
	(a) Long-Term borrowings	94,998	90,059
	(b) Other Long - term liabilities	125	692
	(c) Long term provisions	5,324	3,397
	Sub - total - Non Current Liabilities	100,447	94,148
4	Current liabilities		
	(a) Short-term borrowings	38,786	33,593
	(b) Trade Payables	34,407	16,989
	(c) Other current liabilities	336	303
	(d) Short term provisions	770	770
	Sub - total - Current Liabilities	74,299	51,655
	TOTAL - EQUITY AND LIABILITIES	255,499	240,092
B	ASSETS		
1	Non Current Assets		
	(a) Fixed Assets		
	(i) Tangible assets	64,112	68,005
	(ii) Capital work-in-progress	23,917	22,871
	(b) Other Non Current Investments	50,680	50,680
	(c) Deferred tax assets (net)	-	256
	(d) Long term Loans and advances	24,709	25,032
	Sub - total - Non Current Assets	163,418	166,844
2	Current Assets		
	(a) Current Investments	1	1
	(b) Inventories	29,258	29,971
	(c) Trade Receivables	54,212	36,444
	(d) Cash and Cash equivalents	999	723
	(e) Short term loans and advances	5,174	6,109
	(f) Other Current Assets	2,437	-
	Sub - total - Current Assets	92,081	73,248
	TOTAL - ASSETS	255,499	240,092

Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14.11.2014.
- Depreciation amount of Rs. 3794.94 lakhs includes a sum of Rs.3708.74 lakhs on Raichur Plant from 1.1.2014 until 30.09.2014 on a single shift basis in terms of Accounting Standard 6 and of this, an amount of Rs. 2799.88 Lakhs pertains to prior period.
- Finance cost includes Recompense Interest of Rs. 1950.23 Lakhs for the period 01.04.2014 till 30.09.2014 in terms of CDR package approved by CDR EG vide letter dated 13.03.2014 reference no. CDR (SSA)/No.1127/2013-14. The payment of Recompense interest is subject to the Company repaying all loans and interest within the stipulated period as has been defined in CDR package. The entire amount of Recompense interest has been considered in the current period.
- Tax expense of Rs. 4118.55 lakhs includes reversal of MAT Credit of Rs. 3129.74 lakhs which is unlikely to be adjusted in the immediate next 8 financial years and another sum of Rs. 988.81 Lakhs towards reversal of Deferred Tax Assets booked in the earlier period as the same is now recognised only to the extent of deferred tax liability.
- Without considering the above effect of point no 2 to 4, the post tax loss of Rs.12422.16 lakhs would have been Rs. 3553.50 Lakhs.
- Comparative Financial information has been regrouped and reclassified, wherever necessary, to correspond to the figures of the current quarter/period.
- The Statutory Auditors of the Company have carried out a Limited Review of the Standalone Financial Results for the quarter ended 30.09.2014 in compliance with clause 41 of the Listing Agreement.
- As the Company is primarily engaged in only one segment viz. "Iron & Steel products" and that the operations are in India, there are no separate reportable segments as per the Accounting Standard 17 prescribed by the Companies (Accounting Standards) Rules 2006.
- Statutory Auditors have observed that they are unable to determine whether any adjustments would be required in respect of the carrying values of capital work in progress, trade receivable and long term advances. The detailed observations and our submissions are as follows:
 - Observation:
i) Capital work in progress as at 30th September 2014 includes interest on borrowing costs amounting to Rs 5396 Lakhs (Rs 482 Lakhs capitalized during the quarter ended 30 June 2014 and Rs 593 Lakhs capitalized during the quarter ended 30 September 2014), which has been determined based on the gross interest charged by the banks as against the weighted average of the borrowing costs applicable to the borrowings outstanding during the relevant periods.
ii) Interest on borrowings relating to the periods during which the project has been stalled.

Our submission: Interest incurred for the Pellet project will be reviewed and necessary adjustment, if required will be made before the year end.

 - Observation:
Trade receivable as at 30 September, 2014 includes amounts receivable from certain parties amounting to Rs 33115 Lakhs, which is subject to confirmation and reconciliation.
 - Observation:
Long term advances includes an amount of Rs 24287 Lakhs paid for construction of civil work for Pelletisation and Benefication plant at Raichur, which is subject to confirmation and reconciliation.

Our submission: The reconciliations in respect of (b) and (c) above are in progress and adjustment if any, will be recorded on completion of reconciliation. The Company does not foresee any adjustment which will materially affect the results.
- There has been no operations in Surana Power Limited, a wholly owned subsidiary, since August 2013 and its ongoing 2 X 210 MW power project has been stalled for want of additional equity and finance. The Company is in the process of infusing necessary funds to recommence operation and complete the project.
- With regard to the financing arrangements for the Benefication and Pelletisation Project under the Corporate Debt Restructuring ("CDR") package and infusion of equity by the promoters required to be tied up before 31 December 2014, steps are being taken by the promoters to bring in equity for the project.
- Depreciation is being provided by the Company on fixed assets at the rates specified in Schedule XIV to the Companies Act, 1956, and the Company is in the process of evaluating the adoption of useful lives of assets as specified in Part C to Schedule II of the Companies Act, 2013 for its fixed assets.

 Place : Chennai
 Date : 14/11/2014

For Surana Industries Limited

 Dineshchand Sarana
 Managing Director




Surana Industries Limited



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CIN : L27104TN1991PLC020533

Ref: Symbol: SURANAIND, Series: EQ

We are submitting below the details required under Schedule V of the Listing Agreement.

The figures given below are based on the standalone unaudited financials of the Company for the Period ended 30th September 2014.

		(Rupees in Lakhs)
	From Date	01-JUL-2014
	To Date	30-SEP-2014
	Result Type	Unaudited
	Period Type	Q2
	Cumulative/Non Cumulative	Non Cumulative
1	Net Sales/Income from Operations	9,429
2	Other Income	-18
3	Total Income (1+2)	9,428
4	Expenditure	
	a) Increase/decrease in stock in trade and work in progress	383
	b) Consumption of raw materials	3,838
	c) Purchase of traded goods	5,215
	d) Employees cost	151
	e) Depreciation	3,795
	f) Other expenditure	391
	g) Total	13,773
5	Interest	3,959
6	Exceptional items	Nil
7	Profit (+)/ Loss (-) from ordinary activities before tax (3) - (4+5+6)	-8,304
8	Tax expenses	4,118
9	Net Profit (+)/Loss (-) from ordinary activities after tax (7-8)	- 12,422
10	Extraordinary items (net of tax expense)	Nil
11	Net Profit (+)/Loss (-) for the period (9-10)	- 12,422
12	Paid-up equity share capital (Face value of Rs. 10/- each)	4,451.91
13	Reserves excluding revaluation reserves as at March 31, 2014	+89256.53
14	Basic and diluted EPS for the Quarter (Face value of Rs.5/- each)	-

For Surana Industries Limited

D. Hem Senthil Raj
Company Secretary & Compliance Officer





Surana Industries Limited



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Ref: Symbol: SURANAIND, Series: EQ

We are submitting below the details required under Clause 20 of the Listing Agreement

The figures given below are based on the Unaudited financials of the Company for the Period Ended 30th September 2014.

(Rupees in Lakhs)

The Total turnover	18,504
Gross Profit	-6,235
Provision for Depreciation & Amortisation	3,882
Tax Provisions	3,386
Net profits for the year (with comparison with the previous year)	-13,503 (Previous Year September 2013 -5,155)
The amounts appropriated from reserves,	Nil
Capital Profits	Nil
Accumulated profits of past years or other special source to provide wholly or partly for the dividend	Nil

For Surana Industries Limited

D. Hem Senthil Raj
Company Secretary & Compliance Officer



Surana Industries Limited



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(Rupees in Lakhs)

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The amounts appropriated from reserves,	Nil
Capital Profits	Nil
Accumulated profits of past years or other special source to provide wholly or partly for the dividend	Nil

For Surana Industries Limited

D. Hem Senthil Raj
Company Secretary & Compliance Officer

