

GAYATRI SUGARS LIMITED
CIN: L15421TG1995PLC020720
Registered office : Door No.6-3-1090, B-2, T.S.R. Towers,
Rajbhavan Road, Somajiguda, Hyderabad- 500 082

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF-YEAR ENDED SEPTEMBER 30, 2016

Sr. No	Particulars	Quarter ended					Year ended	
		30.09.2016		30.06.2016		30.09.2015		31.03.2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
(₹ in lakhs)								
1.	Income from Operations							
	a) Net Sales/ Income from operations (gross of excise duty)	1,910	13,161	2,114	15,071	9,169	25,418	
	b) Other operating income	2	16	1	18	11	39	
	Total income from operations	1,912	13,177	2,115	15,089	9,180	25,457	
2.	Expenses							
	a) Cost of materials consumed	127	265	5	392	36	17,897	
	b) Changes in inventories of finished goods and work in progress	1,198	9,466	1,525	10,664	8,615	(770)	
	c) Excise duty	20	32	3	52	11	1,313	
	d) Employee benefits expense	381	381	312	762	629	1,566	
	e) Depreciation and amortisation expense	250	247	250	497	497	984	
	f) Other expenses	432	789	395	1,221	809	3,740	
	Total expenses	2,408	11,180	2,490	13,588	10,597	24,730	
3.	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	(496)	1,997	(375)	1,501	(1,417)	727	
4.	Other Income	1	-	1	1	2	39	
5.	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	(495)	1,997	(374)	1,502	(1,415)	766	
6.	Finance costs	542	529	757	1,071	1,316	2,345	
7.	Profit/(Loss) from ordinary activities after finance costs but before exceptional items and tax expense (5 - 6)	(1,037)	1,468	(1,131)	431	(2,731)	(1,579)	
8.	Exceptional items (Refer Note 6)	-	-	227	-	227	(227)	
9.	Profit / (Loss) from ordinary activities before tax (7 - 8)	(1,037)	1,468	(904)	431	(2,504)	(1,352)	
10.	Tax expenses	-	-	-	-	-	-	
11.	Net Profit / (Loss) for the period (9 - 10)	(1,037)	1,468	(904)	431	(2,504)	(1,352)	
12.	Paid-up equity share capital (Face value ₹ 10 each)	4,370	4,370	4,370	4,370	4,370	4,370	
13.	Reserves excluding Revaluation reserves	-	-	-	-	-	(13,669)	
14.	Earnings per share (of ₹ 10 each) (Not Annualised)							
	a) Basic (₹)	(2.54)	3.19	(2.24)	(0.65)	(6.07)	₹(3.77)	
	b) Diluted (₹)	(2.54)	3.19	(2.24)	(0.65)	*(6.07)	₹(3.77)	
	* (is anti-dilutive)							
	# annualised							

Statement of Assets and Liabilities

Sl. No	Particulars	As at	As at
		30.09.2016	31.03.2016
		Unaudited	Audited
A	EQUITY AND LIABILITIES		
1.	Shareholders' funds		
	(a) Share capital	8,485	8,485
	(b) Reserves and surplus	(13,238)	(13,669)
	Sub-total - Shareholders' Fund	(4,753)	(5,184)
2.	Non-current liabilities		
	(a) Long-term borrowings	5,878	7,454
	(b) Deferred tax liabilities (net)	-	-
	(c) Other Long-term liabilities	1,097	234
	(d) Long-term provisions	419	338
	Sub-total - Non-current liabilities	7,394	8,026
3.	Current liabilities		
	(a) Short-term borrowings	-	-
	(b) Trade payables	6,706	6,431
	(c) Other current liabilities	1,005	8,726
	(d) Short-term provisions	6,694	9,537
	Sub-total - Current liabilities	27	27
	TOTAL EQUITY AND LIABILITIES (1+2+3)	14,432	24,721
B	ASSETS		
1.	Non-current assets		
	(a) Fixed assets	12,543	13,031
	(b) Long-term loans and advances	73	-
	Sub-total - Non-current assets	12,616	13,031
2.	Current assets		
	(a) Inventories	2,605	13,239
	(b) Trade receivables	444	498
	(c) Cash and cash equivalents	49	111
	(d) Short-term loans and advances	1,236	525
	(e) Other Current assets	123	159
	Sub-total - Current assets	4,457	14,532
	TOTAL ASSETS (1+2)	17,073	27,563



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Factories :

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Nizamabad Dist. - 503 145. Telangana
Nizamsagar Unit : Maagi, Nizamsagar Mandal,
Nizamabad Dist. - 503 302. Telangana


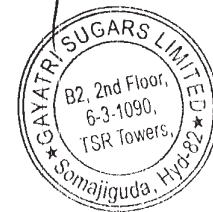
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SEGMENT REPORTING UNDER REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 FOR THE QUARTER AND HALF-YEAR ENDED SEPTEMBER 30, 2016

Sr.No	Particulars	₹ in lakhs)					
		Quarter ended			Half-Year Ended		Year ended
		30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1.	Segment Revenue						
	a) Sugar	1,427	12,361	1,648	13,788	8,003	25,096
	b) Distillery	485	1,140	467	1,625	1,177	1,935
	Total	1,912	13,501	2,115	15,413	9,180	27,031
	Less: Inter Segment Revenue	-	324	-	324	-	1,574
	Net Sales/Revenue from Operations	1,912	13,177	2,115	15,089	9,180	25,457
2.	Segment Results						
	a) Sugar*	(536)	1,838	(10)	1,302	(1,609)	1,202
	b) Distillery	40	159	(138)	199	419	(248)
	Total	(496)	1,997	(148)	1,501	(1,190)	954
	Less: Inter Segment elimination	-	-	-	-	-	-
	Total segment results before interest and tax	(496)	1,997	(148)	1,501	(1,190)	954
	(i) Finance Costs@	542	529	757	1,071	1,316	2,345
	(ii) Other un-allocable Income	(1)	-	(1)	(1)	(2)	(39)
	Profit/(Loss) before tax	(1,037)	1,468	(904)	431	(2,504)	(1,352)
	Tax	-	-	-	-	-	-
	Net Profit/(Loss) after tax	(1,037)	1,468	(904)	431	(2,504)	(1,352)
3.	Segment Assets						
	a) Sugar	13,411	16,409	17,283	13,411	17,283	23,756
	b) Distillery	3,656	4,057	3,173	3,656	3,173	3,801
	c) Un-allocated	6	6	6	6	6	6
	Total	17,073	20,472	20,462	17,073	20,462	27,563
4.	Segment Liabilities						
	a) Sugar	21,592	23,905	26,605	21,592	26,605	32,512
	b) Distillery	226	275	185	226	185	227
	c) Un-allocated	8	8	8	8	8	8
	Total	21,826	24,188	26,798	21,826	26,798	32,747

* Sugar results for the quarter and half-year year ended September 30, 2015 and year ended March 31, 2016 includes differential of energy tariff ₹ 227 lakhs (Refer Note 6)
 @ Finance cost to be adjusted to sugar results

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Notes:

- 1 These unaudited financial results have been reviewed and recommended by the Audit Committee and taken on record and approved by the Board of Directors at their meetings held on November 11, 2016. The statutory auditors have carried out a limited review of these financials results.
- 2 Sugar Industry being seasonal, the performance of the Company varies from quarter to quarter.
- 3 The Earnings Per Share has been calculated after reckoning the dividend on the Preference Shares.
- 4 The Company had, in 2004 and in 2007, filed writ petitions in the High Court of Andhra Pradesh, challenging the levy of electricity duty by the State Government on sale and consumption of electricity by captive generating units. During the quarter ended June 30, 2016, the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh dismissed the aforesaid writ petition (along with the other petitions on the same matter filed by other companies) vide its common order dated May 19, 2016 ('the Order') in which it upheld the validity of such levy by the State Government. The Company filed special leave petition with the Hon'ble Supreme Court (the 'Court') which has dismissed the petition vide order dated September 27, 2016, as these matters are pending before the Board for Industrial and Financial Reconstruction (BIFR) and payments were not made by the petitioners. However, the Court granted the petitioners liberty to revive the petitions after the decision is given by the BIFR. As the matter is pending before BIFR and based on Management's assessment, the Company has treated the estimated duty amount aggregating ₹ 391 lakhs as a Contingent Liability and no provision has been made in respect of the same. In view of the above, the auditors have made an observation in their Limited Review Report about their inability to comment on the ultimate outcome of this matter and the consequential impact, if any, on the Financial Results.
- 5 Over the last few years, the Company has been incurring losses and as at September 30, 2016 the accumulated losses amounting to ₹ 13,454 lakhs have completely eroded the net worth and, its current liabilities exceeded the current assets as on that date. The Sugar Companies have been facing financial difficulties on account of higher sugar cane prices, lower realization of sugar and high finance cost. The Company has implemented various initiatives for improving its financial position.

Owing to the complete erosion of the net-worth of the Company, the Board of Directors, in their meeting held on August 14, 2015 decided to make a reference under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) to the Board for Industrial and Financial Reconstruction (BIFR) which in their hearing held on October 19, 2016, has declared the Company as a Sick Industrial Company under section 3(1)(o) of SICA, 1985. The BIFR has appointed IDBI as the Operation Agency (OA) and the Company has to submit the Draft rehabilitation proposal to the OA within a period of 8 weeks. The next date of hearing by the BIFR is on December 27, 2016.

The financial statements have been prepared on a going concern basis, based on a Comfort letter provided by the promoters for continued support to the Company to meet its financial obligations, in order to enable the Company to continue its operations in the foreseeable future.

- 6 Exceptional item for the year ended March 31, 2016 - The Telangana State Electricity Regulatory Commission (TSERC) passed the final order on September 18, 2015 for upward revision of tariff in favour of the Company in respect of energy exported in the earlier years by the Company to Telangana State Northern Power Distribution Company Limited (TSNPDC). The Management on receipt of the TSERC order recognized the differential revenue of ₹ 227 lakhs during the year ended March 31, 2016, which amount was received.
- 7 In the earlier years the Company had paid interest on Working Capital loans raised from the Banks at a concessional rate under Corporate Debt Restructuring ('CDR') scheme as per the Reserve Bank of India guidelines, pursuant to which, the Banks had a Right of Recompense ('ROR') i.e. interest rate concession given earlier to the Company, which shall be compensated by the Company at the end of the scheme. The proposal for the payment of ROR by way of issue of Secured Unlisted Non-Convertible Debentures (NCD) of ₹ 10 each as a price of ₹ 10 each and at a coupon rate of 4% was approved in the meeting of CDR EG on February 22, 2016 and the Company was directed to complete the issuance of NCD by July 2016. Due to the detailed procedure, the allotment is delayed and the Company is in the process of completing the formalities for allotment of NCDs. The status has been communicated to the Banks from time to time in the consortium meetings.
- 8 The tenure of appointment of the Executive Director (designated as a Managing Director w.e.f August 29, 2016) ended on April 30, 2016. The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 20, 2016, approved the appointment and payment of remuneration for a period of three years with effect from May 1, 2016 on the same terms of earlier appointment. The said appointment and payment/provision of remuneration was approved by the shareholders in the Annual General Meeting held on September 26, 2016. The Company is in process of making application to the Central Government for seeking their approval.
- 9 Previous quarter's / period's figures have been regrouped / rearranged wherever considered necessary to correspond with the current period's classification/ disclosures.

Place: Hyderabad

Date: 11th November, 2016



For GAYATRI SUGARS LIMITED

T.V. SANDEEP KUMAR REDDY
Vice Chairman

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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF GAYATRI SUGARS LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **GAYATRI SUGARS LIMITED** ("the Company") for the Quarter and Half-year ended September 30, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. 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.
3. We draw attention to Note 4 of the Statement regarding the dismissal of special leave petition of the Company by the Supreme Court in respect of the levy of electricity duty by the State Government on sale and consumption of electricity by captive generating units, as the matter is pending before the Board for Industrial and Financial Reconstruction (BIFR). As stated in the said note, the Company has treated the estimated duty amount aggregating ₹ 391 lakhs as a Contingent Liability and no provision has been made in respect of the same.

In view of the above, we are unable to comment on the ultimate outcome of the matter and the consequential impact, if any, on these financial results.
4. Based on our review conducted as stated above, except for the possible effects of the matter described in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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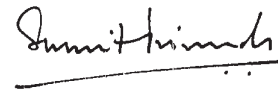
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5. (a) We draw attention to Note 5 of the Statement, which indicates that as at September 30, 2016 the accumulated losses amounting to ₹ 13,454 lakhs have completely eroded the net-worth of the Company and, the current liabilities exceeded the current assets as on that date. These conditions along with other matters as set forth in Note 5 of the Statement, including dependence on continuous support from its promoters, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. On reference to the Board for Industrial and Financial Reconstruction (BIFR), the Company has been declared as a Sick Industrial Company under section 3(1)(o) of SICA, 1985 and the BIFR has directed the Company to submit the Draft rehabilitation proposal to the Operating Agency (OA) within a period of 8 weeks. These financial results have been prepared on a going concern basis for the reasons stated in the said Note.
- (b) We draw attention to Note 8 of the Statement in respect of the appointment of the Executive Director (designated as Managing Director w.e.f. August 29, 2016) during the period. The said appointment and payment/provision of remuneration was approved by the shareholders in the Annual General Meeting held on September 26, 2016. The Company is in the process of making application to the Central Government for seeking their approval.

Our report is not modified in respect of these matters.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)



Sumit Trivedi 
Partner
(Membership No. 209354)

Secunderabad, November 11, 2016