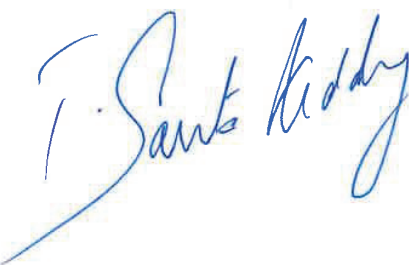

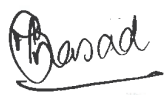






FORM A (for audit report with unmodified opinion)

1.	Name of the Company	Gayatri Sugars Limited
2.	Annual financial statements for the year ended	31 st March, 2016
3.	Type of Audit Observation	<p>Emphasis of Matter</p> <p>We draw attention to Note 5 of the Statement of Financial Results, which indicates that as at March 31, 2016 the accumulated losses amounting to ₹ 13,885 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, 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. The Company has made a reference to the Board for Industrial and Financial Reconstruction (BIFR) and shall be submitting a Scheme for revival / rehabilitation to BIFR. These financial results have been prepared on a going concern basis for the reasons stated in the said Note.</p> <p>Our opinion is not modified in respect of this matter.</p> <p>Note 5 to the Statement of Financial Results</p> <p>Over the last few years, the Company has been incurring losses and as at March 31, 2016 the accumulated losses amounting to ₹ 13,885 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. The State and Central Governments, recognizing the importance of sugar industry, are taking necessary steps to strengthen it. As of March 31, 2016 the promoters have arranged an unsecured loan of ₹ 2,260 lakhs. Further during the previous year, the unsecured loan of ₹ 2,500 lakhs has been converted to 6% Cumulative Redeemable Preference Shares at a face value of ₹ 10 each for a tenure of not exceeding 9 years. In addition to the promoters funding, during the year ended March 31, 2016, the Company has obtained soft loans (under the scheme sanctioned by Ministry of Consumer Affairs, Food and Public Distribution, Government of India) aggregating ₹ 2,012 lakhs, corporate loans aggregating ₹ 1,545 lakhs and also renewed its working capital limits with the banks.</p>



A handwritten signature in black ink, appearing to be "Chand".

		<p>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 reference was registered and acknowledged by BIFR vide their letter dated October 19, 2015. On May 13, 2016, the company received a letter dated May 6, 2016, from BIFR, stating that the date for hearing the case in relation to the proceedings under the Sick Industrial Companies (Special Provisions) Act, 1985, has been fixed on May 11, 2016. However, as the date fixed for hearing the case had lapsed by the time the company received the letter from BIFR, the management is in the process of replying to BIFR with a request for a revised hearing date. In terms of the aforesaid reference, on receiving the intimation from BIFR, the Company will be submitting a Scheme for revival / rehabilitation to BIFR as per the provisions of SICA. 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.</p>
4.	Frequency of Observation	Emphasis of Matter given for fourth time.
5.	<p>To be signed by -</p> <ol style="list-style-type: none"> Ms. T. Sarita Reddy – Executive Director Mr. V.R. Prasad -- Chief Financial Officer Partner, Deloitte Haskins & Sells, Chartered Accountants- Statutory Auditors of the Company Mr. T.R. Rajagopalan – Audit Committee Chairman 	      

GAYATRI SUGARS LIMITED Registered office : Door No.6-3-1090 ,B-2, T.S.R. Towers Rajbhavan Road, Somajiguda, Hyderabad-500 082					
Part I STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016					
Sr. No	Particulars	Quarter ended			Year ended
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016
	Refer Notes below	Audited	Unaudited	Audited	Audited
		(Refer Note 2)		(Refer Note 2)	
1.	Income from Operations				
	a). Net Sales/ Income from operations(Net of excise duty)	10,096	5,519	8,571	24,451
	b). Other operating income	20	8	37	23,052
	Total income from operations (net)	10,116	5,527	8,608	24,490
2.	Expenses				
	a). Cost of materials consumed	11,051	6,810	11,375	17,897
	b). Changes in inventories of finished goods and work in progress	(5,944)	(2,773)	(4,246)	20,059
	c). Employee benefits expense	570	367	437	769
	d). Depreciation and amortisation expense	246	241	185	1,341
	e). Other expenses	2,112	819	898	1,149
	Total expenses	8,035	5,464	8,649	23,763
3.	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	2,081	63	(41)	727
4.	Other income	30	7	21	(2,725)
5.	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	2,111	70	(20)	766
6.	Finance costs	485	544	458	(2,703)
7.	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5 - 6)	1,626	(474)	(478)	2,345
8.	Exceptional items (Refer Note 6)	-	-	606	2,173
9.	Profit / (Loss) from ordinary activities before tax (7 - 8)	1,626	(474)	(1,084)	(1,579)
10.	Tax expenses	-	-	-	(4,876)
11.	Net Profit / (Loss) from ordinary activities after tax (9 - 10)	1,626	(474)	(1,084)	1,362
12.	Extraordinary items (net of tax expense)	-	-	-	(6,238)
13.	Net Profit / (Loss) for the period (11 - 12)	1,626	(474)	(1,084)	(6,238)
14.	Paid-up equity share capital (Face value ₹ 10 per share)	4,370	4,370	4,370	4,370
15.	Reserves excluding revaluation reserves	-	-	-	(13,669)
16.	Earnings per share (of ₹ 10 each)(not annualised)				
	a). Basic (₹)	3.55	(1.25)	(2.62)	(3.77)
	b). Diluted (₹)	3.55	(1.25)	* (2.62)	# (3.77)
	* (is anti-dilutive)				# (14.59)
	# annualised				# * (14.59)



Santosh Reddy



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(₹ in lakhs)

Statement of Assets and Liabilities		
Particulars	As at 31 March, 2016 Audited	As at 31 March, 2015 Audited
A EQUITY AND LIABILITIES		
1. Shareholders' funds		
(a). Share capital	8,485	8,485
(b). Reserves and surplus	(13,669)	(12,317)
Sub-total - Shareholders' Fund	(5,184)	(3,832)
2. Non-current liabilities		
(a). Long-term borrowings	7,454	6,362
(b). Other long-term liabilities	234	353
(c). Long-term provisions	338	190
Sub-total - Non-current liabilities	8,026	6,905
3. Current liabilities		
(a). Short-term borrowings	6,431	6,553
(b). Trade payables	8,726	12,182
(c). Other current liabilities	9,537	7,082
(d). Short-term provisions	27	42
Sub-total - Current liabilities	24,721	25,859
TOTAL EQUITY AND LIABILITIES (1+2+3)	27,563	28,932
B ASSETS		
1. Non-current assets		
(a). Fixed assets	13,031	13,682
Sub-total - Non-current assets	13,031	13,682
2. Current assets		
(a). Inventories	13,239	12,495
(b). Trade receivables	498	1,107
(c). Cash and cash equivalents	111	914
(d). Short-term loans and advances	525	572
(e). Other current assets	159	162
Sub-total - Current assets	14,532	15,250
TOTAL ASSETS (1 + 2)	27,563	28,932

(₹ in lakhs)

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED						
Sr. No	Particulars	Quarter ended			Year ended	
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
		Audited	Unaudited	Audited	Audited	Audited
	Refer Notes below	(Refer Note 2)		(Refer Note 2)		
1.	Segment Revenue					
	a) Sugar	10,661	5,811	7,864	24,152	21,626
	b) Distillery	529	216	972	1,912	2,794
	Total	11,190	6,027	8,836	26,064	24,420
	Less: Inter Segment Revenue	1,074	500	228	1,574	1,295
	Net Sales/Revenue from Operations	10,116	5,527	8,608	24,490	23,125
2.	Segment Results					
	a) Sugar * #	2,349	462	(1,343)	1,202	(4,776)
	b) Distillery	(268)	(399)	696	(248)	1,445
	Total	2,081	63	(647)	954	(3,331)
	Less: Inter Segment elimination	-	-	-	-	-
	Total segment results before interest and tax	2,081	63	(647)	954	(3,331)
	(i) Finance Costs @	485	544	458	2,345	** 2929
	(ii) Other un-allocable income	(30)	(7)	(21)	(39)	(22)
	Profit/(Loss) before tax	1,626	(474)	(1,084)	(1,352)	(6,238)
	Tax	-	-	-	-	-
	Net Profit/(Loss) after tax	1,626	(474)	(1,084)	(1,352)	(6,238)
3.	Capital employed					
	a) Sugar	(8,756)	(10,092)	(7,146)	(8,756)	(7,146)
	b) Distillery	3,574	3,284	3,331	3,574	3,331
	Unallocated	(2)	(2)	(17)	(2)	(17)
	Total	(5,184)	(6,810)	(3,832)	(5,184)	(3,832)

* Sugar results for the year ended March 31, 2016 includes differential of energy tariff ₹ 227 lakhs (Refer Note 6(a))

Sugar results for the quarter and year ended March 31, 2015 includes ₹ 606 lakhs towards impairment of Goodwill (Refer Note 6 (b) (ii))

** Finance Cost for the year ended March 31, 2015 includes ₹ 756 lakhs towards Right of Redemption (ROR) (Refer Note 6 (b) (i))

@ Finance costs to be adjusted to Sugar results.

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Notes:

- 1 The above results have been reviewed and recommended by Audit Committee and taken on record and approved by the Board of Directors at their meeting held on May 20, 2016.
- 2 The figures of the quarter ended March 31, 2016 and quarter ended March 31, 2015 are the balancing figures between the audited figures of the full financial year ended March 31, 2016 and March 31, 2015 respectively and the published year to date figures upto nine months ended December 31, 2015 and December 31, 2014 respectively.
- 3 Sugar Industry being seasonal, the performance of the Company varies from quarter to quarter.
- 4 The Earnings Per Share has been calculated after reckoning the dividend on the Preference Shares.
- 5 Over the last few years, the Company has been incurring losses and as at March 31, 2016 the accumulated losses amounting to ₹ 13,885 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. The State and Central Governments, recognizing the importance of sugar industry, are taking necessary steps to strengthen it. As of March 31, 2016 the promoters have arranged an unsecured loan of ₹ 2,260 lakhs. Further during the previous year, the unsecured loan of ₹ 2,500 lakhs has been converted to 6% Cumulative Redeemable Preference Shares at a face value of ₹ 10 each for a tenure of not exceeding 9 years. In addition to the promoters funding, during the year ended March 31, 2016, the Company has obtained soft loans (under the scheme sanctioned by Ministry of Consumer Affairs, Food and Public Distribution, Government of India) aggregating ₹ 2,012 lakhs, corporate loans aggregating ₹ 1,545 lakhs and also renewed its working capital limits with the banks.

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 reference was registered and acknowledged by BIFR vide their letter dated October 19, 2015. On May 13, 2016, the company received a letter dated May 6, 2016, from BIFR, stating that the date for hearing the case in relation to the proceedings under the Sick Industrial Companies (Special Provisions) Act, 1985, has been fixed on May 11, 2016. However, as the date fixed for hearing the case had lapsed by the time the company received the letter from BIFR, the management is in the process of replying to BIFR with a request for a revised hearing date. In terms of the aforesaid reference, on receiving the intimation from BIFR, the Company will be submitting a Scheme for revival / rehabilitation to BIFR as per the provisions of SICA. 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 includes:
 - a) During the year ended March 31, 2016, the Telangana State Electricity Regulatory Commission (TSERC) has 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 has recognized the differential revenue of ₹ 227 lakhs during the year ended March 31, 2016, which amount has been received.
 - b)
 - (i) The Company 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. Upon expiry of the CDR time period, the respective banks raised a demand of ₹ 840 lakhs towards ROR and the Company's proposal for payment of interest claims partly in cash and the balance in the form of issue of redeemable preference shares had not been agreed by the banks during the previous years. The Company paid and charged to the Statement of Profit and Loss an amount of ₹ 84 lakhs during the year ended March 31, 2014. As the Company was incurring losses for past few years and there was no cash surplus, the Company was pursuing with the banks for waiver of balance amount of ₹ 756 lakhs. During the consortium meeting held on June 9, 2014, the member banks of the consortium had decided not to consider, the waiver request of the Company and requested the Company to make the payment of the balance ROR amount before March 31, 2015. Consequently, the Management agreed to pay balance ROR amount in installments and accordingly an amount ₹ 756 lakhs was provided during the quarter ended June 30, 2014.

The Company's proposal for the payment of ROR by way of Non Convertible Debentures (NCD) at a coupon rate of 4% was approved in the meeting of CDR EG on February 22, 2016. Further, the company was directed to complete the issuance of NCD by March 2016. As the Company has received the communication of the same late and also keeping in view the procedure involved in issuance of NCD, the company has requested CDR EG to grant time until July, 2016 to complete the process of issuance and despatch of NCD.
 - (ii) Pursuant to the Scheme of Amalgamation, between the Company and GSR Sugars Private Limited, during the year ended March 31, 2010, the Company had recognised Goodwill of ₹ 1,212 lakhs, which was being amortised over a period of ten years. The carrying value of goodwill as at March 31, 2015 was ₹ 606 Lakhs. In view of losses and complete erosion of net worth, more fully detailed in Note 5, the Management opined that the goodwill is required to be impaired. Consequently, during the year ended March 31, 2015 the entire carrying value of the goodwill of ₹ 606 lakhs was impaired and charged to the Statement of Profit and Loss.
- 7 During the year variations in terms of 6,610,210 - 6% Cumulative optionally convertible preference shares which were due for redemption on April 1, 2015 were approved by the Members of the Company, which are as under:
 - i) Waiver of arrears of preference dividend till 1st April 2015.
 - ii) Changing the nomenclature to 6% cumulative redeemable preference shares w.e.f April 1, 2015.
 - iii) Period of redemption extended from April 1, 2015 to April 1, 2025 with an early redemption right to the Company before the extended period of 10 years by giving 30 days notice.
- 8 Previous quarter's / period's figures have been regrouped / rearranged wherever considered necessary.

Place: Hyderabad
Date: May 20, 2016



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**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
GAYATRI SUGARS LIMITED**

1. We have audited the accompanying Statement of Financial Results of **Gayatri Sugars Limited** ("the Company") for the year ended March 31, 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 on the basis of the related financial statements which is in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net loss and other financial information of the Company for year ended March 31, 2016.

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Deloitte Haskins & Sells

4. We draw attention to Note 5 of the Statement, which indicates that as at March 31, 2016 the accumulated losses amounting to ₹ 13885 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, 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. The Company has made a reference to the Board for Industrial and Financial Reconstruction (BIFR) and shall be submitting a Scheme for revival / rehabilitation to BIFR. These financial results have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

5. The Statement includes the results for the Quarter ended March 31, 2016 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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



Sumit Trivedi
(Partner)
(Membership No. 209354)

Hyderabad, May 20, 2016

Stamarko