GAYATRI

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 UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013

(₹ in lakhs)

Sr. No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
	Refer Notes below	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	**Income from Operations**						
	a). Net Sales/ Income from Operations (Net of excise duty)	1,635	6,281	1,454	7,916	6,430	18,618
	b). Other Operating Income	3	6	2	9	24	71
	Total income from operations (net)	**1,638**	**6,287**	**1,456**	**7,925**	**6,454**	**18,689**
2.	Expenses						
	a). Cost of materials consumed	438	453	7	891	81	14,904
	b). Changes in inventories of finished goods and work in progress	1,414	5,647	1,310	7,061	5,751	(1,583)
	c). Employee benefits expense	251	239	213	490	421	990
	d). Depreciation and amortisation expense	316	313	346	629	658	1,291
	e). Other expenses	284	362	255	646	688	2,123
	Total expenses	**2,703**	**7,014**	**2,131**	**9,717**	**7,599**	**17,725**
3.	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	(1,065)	(727)	(675)	(1,792)	(1,145)	964
4.	Other Income	3	-	3	3	6	29
5.	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	(1,062)	(727)	(672)	(1,789)	(1,139)	993
6.	Finance costs	579	525	540	1,104	1,084	2,345
7.	**Profit/(Loss) from ordinary activities after finance costs and before exceptional items (5 - 6)**	(1,641)	(1,252)	(1,212)	(2,893)	(2,223)	(1,352)
8.	Exceptional items (Refer Note No. 3)	-	-	-	-	798	-
9.	**Profit / (Loss) from ordinary activities before tax (7 - 8)**	(1,641)	(1,252)	(1,212)	(2,893)	(3,021)	(1,352)
10.	Tax expenses	-	-	-	-	-	-
11.	**Net Profit / (Loss) from ordinary activities after tax (9 - 10)**	(1,641)	(1,252)	(1,212)	(2,893)	(3,021)	(1,352)
12.	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13.	**Net Profit / (Loss) for the period (11 - 12)**	(1,641)	(1,252)	(1,212)	(2,893)	(3,021)	(1,352)
14	Paid-up equity share capital (Face value ₹ 10 per share)						4,370
15	Reserve excluding Revaluation reserves						(3,559)
16	Earnings per share (of ₹ 10 each)(not annualised)						
	a). Basic (₹)	(3.82)	(2.93)	(2.77)	(6.75)	(6.91)	#(3.35)
	b). Diluted (₹)	*(3.82)	*(2.93)	*(2.77)	*(6.75)	*(6.91)	#*(3.35)
	* (is anti-dilutive)						
	# annualised						

For GAYATRI SUGARS LTD.

T. Sarita Reddy

T. SARITA REDDY
Executive Director

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Part II :	SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013					
Particulars	Quarter Ended			Half Year Ended		Year Ended
	30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
A PARTICULARS OF SHAREHOLDING						
1. Public shareholding						
- Number of shares	18,662,755	18,662,755	18,662,755	18,662,755	18,662,755	18,662,755
- Percentage of shareholding	42.70%	42.70%	42.70%	42.70%	42.70%	42.70%
2. Promoters and Promoter Group Shareholding						
a). Pledged/Encumbered						
- Number of shares	13,111,093	13,111,093	13,111,093	13,111,093	13,111,093	13,111,093
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	52.36%	52.36%	52.36%	52.36%	52.36%	52.36%
- Percentage of shares (as a % of the total share capital of the company)	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
b). Non-encumbered						
- Number of shares	11,929,795	11,929,795	11,929,795	11,929,795	11,929,795	11,929,795
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	47.64%	47.64%	47.64%	47.64%	47.64%	47.64%
- Percentage of shares (as a % of the total share capital of the company)	27.30%	27.30%	27.30%	27.30%	27.30%	27.30%

	Particulars	Quarter ended 30.09.2013
B	INVESTOR COMPLAINTS	
	Number of complaints pending as on 01.07.2013	Nil
	Received during the quarter	1
	Disposed off during the quarter	1
	Lying unresolved as on 30.09.2013	Nil

For GAYATRI SUGARS LTD.

T. SARITA REDDY
Managing Director

GAYATRI

(₹ in lakhs)

Statement of Assets and Liabilities

		As at 30.09.2013	As at 31.03.2013
		Unaudited	Audited
A	**EQUITY AND LIABILITIES**		
	1. **Shareholders' funds**		
	(a). Share capital	5,985	5,985
	(b). Reserves and surplus	(6,453)	(3,559)
	Sub-total - Shareholders' Fund	(468)	2,426
	2. **Non-current liabilities**		
	(a). Long-term borrowings	8,670	6,831
	(b). Other Long-term Liabilities	475	2,183
	(c). Long-term provisions	39	39
	Sub-total - Non-current liabilities	9,184	9,053
	3. **Current liabilities**		
	(a). Short-term borrowings	6,113	5,940
	(b). Trade payables	563	6,073
	(c). Other current liabilities	6,021	4,279
	(d). Short-term provisions	181	215
	Sub-total - Current liabilities	12,878	16,507
	TOTAL EQUITY AND LIABILITIES (1+2+3)	21,594	27,986
B	**ASSETS**		
	1. **Non-current assets**		
	(a). Fixed assets	16,153	16,447
	(b). Long Term Loans and advances	72	-
	Sub-total - Non-current assets	16,225	16,447
	2. **Current assets**		
	(a). Inventories	869	7,982
	(b). Trade receivables	5	287
	(c). Cash and cash equivalents	873	589
	(d). Short-term loans and advances	2,757	952
	(e). Other Current Assets	865	1,729
	Sub-total - Current assets	5,369	11,539
	TOTAL ASSETS (1+2)	21,594	27,986

(₹ in lakhs)

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

Sr. No.	Particulars	Quarter ended			Half Year Ended		Year Ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	**Segment Revenue**						
	a) Sugar	1,309	5,766	1,285	7,075	5,992	18,334
	b) Distillery	329	521	171	850	622	1,121
	Total	1,638	6,287	1,456	7,925	6,614	19,455
	Less: Inter Segment Revenue	-	-	-	-	160	766
	Net Sales/Revenue from Operations	1,638	6,287	1,456	7,925	6,454	18,689
2.	**Segment Results**						
	a) Sugar	(1,033)	(912)	(571)	(1,945)	(980)	739
	b) Distillery	(32)	185	(104)	153	(165)	225
	Total	(1,065)	(727)	(675)	(1,792)	(1,145)	964
	Less: Inter Segment elimination	-	-	-	-	-	-
	Total segment results before interest and tax	(1,065)	(727)	(675)	(1,792)	(1,145)	964
	(i) Finance Costs	579	525	540	1,104	1,882	2,345
	(ii) Other un-allocable Income	(3)	-	(3)	(3)	(6)	(29)
	Profit/(Loss) before tax	(1,641)	(1,252)	(1,212)	(2,893)	(3,021)	(1,352)
	Tax	-	-	-	-	-	-
	Net Profit/(Loss) after tax	(1,641)	(1,252)	(1,212)	(2,893)	(3,021)	(1,352)
3.	**Capital employed**						
	a) Sugar	(3,975)	(2,474)	(468)	(3,975)	(468)	(849)
	b) Distillery	3,523	3,707	3,558	3,523	3,558	3,333
	Unallocated	(17)	(59)	(2,332)	(17)	(2,332)	(58)
	Total	(468)	1,174	758	(468)	758	2,426

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For GAYATRI SUGARS LTD

T. Sarita Reddy

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Notes:

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on November 13, 2013. The statutory auditors have carried out a limited review of these results.

2 Sugar industry being seasonal, the performance of the Company varies from quarter to quarter.

3 As at September 30, 2013 the accumulated losses amounted to ₹ 6,669 Lakhs which is more than 50% of the peak net worth of the Company during the four financial years immediately preceding the current financial year. The Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) on August 5, 2013, under Section 23 of Sick Industrial Companies (Special Provision) Act, 1985. The Company is dependent on continuous support from its promoters. As of September 30, 2013 the promoters have arranged an unsecured loan of ₹ 5,165 Lakhs. The financial statements have been prepared on a going concern basis based on a Comfort letter received from its promoters for continued support to the Company with all necessary assistances including financial and operational to continue with the operations of the Company. Promoters are hopeful that Company would be able to generate sufficient profits in the foreseeable future to make it economically viable.

4 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, will have to be compensated by the Company at the end of the scheme. Upon expiry of the CDR time period, the respective banks have 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 has not been agreed by the banks during the previous year. The Company has paid ₹ 84 lakhs till September 30, 2013. 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. Subsequently, the bankers have agreed for extension of time for payment of the balance ROR claim upto March 2015 or earning of profit whichever is earlier. As the net worth of the Company is completely eroded and company has also made a reference to BIFR, it is hopeful of getting wavier / relief package and hence no provision has been made.

5 During the half year ended September 30, 2013, executive director was reappointed by the Board of Directors of the Company, for a period of three years with effect from May 1, 2013, on the same terms of earlier appointment. The said reappointment was approved by the members in the Annual General Meeting held on September 30, 2013 and is pending approval from the Central Government. The Company is in the process of making requisite application to the Central Government in this respect.

6 **Matter of Qualification in the Auditors' report:**
The auditors have included in their Limited Review report, a qualification with respect to non-provisioning of the ROR claim (stated in note 4 above) aggregating ₹ 756 lakhs. This was also the subject matter of qualification in Auditor's report for the year ended March 31, 2013 and in the Limited Review report for the quarter ended June 30, 2013.
Management Response to Qualification in the Auditors' Report :
No provision is considered necessary since the claims made by the banks are still under negotiations by the Company and the management has got an extension for repayment of the ROR claim upto March 2015 or earning of profit whichever is earlier. As the net worth of the Company is completely eroded and company has also made a reference to BIFR, is hopeful of getting wavier / relief package and hence no provision has been made.

7 Previous quarter/period's figures have been regrouped / rearranged wherever considered necessary to conform with the current quarter classification.

Place: Hyderabad
Date: November 13, 2013

For GAYATRI SUGARS LTD.

T. SARITA REDDY
Executive Director

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS OF GAYATRI SUGARS LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **Gayatri Sugars Limited** ("the Company") for the Quarter and Half year ended September 30, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchange, 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.

3. Attention is invited to Note 4 to the Statement, which indicates that the Company was paying interest on Working Capital received 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 will have to be compensated by the Company at the end of the scheme. Upon expiry of the CDR time period, the respective banks have raised a demand of ₹ 840 lakhs towards ROR and the Company's proposal for payment of interest claims partly in cash and balance in the form of redeemable preference shares was not agreed by the banks The Company has paid ₹ 84 lakhs till September 30, 2013. 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. Subsequently, the bankers have agreed for extension of time for payment of the balance ROR claim upto March 2015 or earning of profit whichever is earlier. Accordingly no provision for the said liability has been made in the books which constitutes a departure from the Accounting Standard 1 "Disclosure of Accounting Policies" referred to in Section 211(3C) of the Companies Act 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs). Had the Company made provision for the said unpaid claims, Finance Cost and Net Loss would have been higher by ₹ 756 lakhs and shareholders' funds would have been reduced by ₹ 756 lakhs and the Loss per Share would be higher by ₹ 1.73.

Deloitte Haskins & Sells

4. Based on our review conducted as stated above, and except for the effect of the matter 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 notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchange, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to the following Notes to the Statement;

   (i) Note 3 to the Statement, which indicates that as at September 30, 2013 the accumulated losses amounted to ₹ 6,669 lakhs which has completely eroded the net-worth of the Company as on that date. The Company has also made reference to the Board for Industrial and Financial Reconstruction (BIFR) on August 5, 2013, under Section 23 of Sick Industrial Companies (Special Provision) Act, 1985. These financial results have been prepared on a going concern basis for the reasons stated in the said Note.

   (ii) Note 5 to the Statement, regarding the payment of remuneration to an executive director reappointed during the period, which is in excess of the limits specified in Schedule XIII, to the Companies Act, 1956 by ₹ 17 lakhs, and in respect of which the Company is in the process of taking approval from the Central Government.

   Our report is not qualified in respect of these 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 and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Half year ended September 30, 2013 of the Statement, from the details furnished by the Registrars.

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

Ganesh Balakrishnan
Partner
Membership No. 201193

Hyderabad, November 13, 2013