

Courier

DCS/COMP/DB/151/2014-15

December 18, 2014

The Company Secretary / Compliance Officer
Gayatri Sugars Ltd
6 - 3 - 663 / E Diamond House
3rd Floor 301 Behind Topaz Bldg, Panjagutta
Hyderabad - 500082
Andhra Pradesh

Dear Sir/Madam,

Sub: Audit Reports filed by listed companies

This has reference to the provisions of Clause 31(a) of the Listing Agreement and SEBI Circulars pertaining to the "Manner of Dealing with Audit Reports filed by Listed Companies" dated August 13, 2012 and June 05, 2013 which inter-alia mandated listed companies to submit either Form A (Unqualified / Matter of Emphasis Report) or Form B (Qualified / Subject to / Except for Audit Report) along with the company's Annual Report to the Stock Exchange.

As per the provisions of the said circulars, the qualifications raised by the Statutory Auditors in their Audit Report, would be scrutinized by the Qualified Audit Review Committee (QARC) constituted by SEBI.

Accordingly, after scrutiny and discussion by QARC and thereafter by FRRB and as directed by SEBI, you are advised to:

Restate the Financial Statements pertaining to Financial Year 2012-13 giving effect to the qualifications*, in terms of Clause 31A of the Listing Agreement and in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013.

(* Refer Annexure-I for details)

You are requested to take note of the same and comply accordingly, under information to the Exchange.

In case you need any clarifications on the above, you may please contact Ms. Dhara Barot on 22728559 / Mr. Rakesh Parekh on 22728307 (email rakesh.parekh@bseindia.com, dhara.barot@bseindia.com) for assistance.

Yours truly,



Netra Sahani
D.G.M - Listing Compliance



Abhijit Pai
A.G.M – Listing Compliance

ANNEXURE I:

Gayatri Sugars Ltd

Auditor Qualification:

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 ` 84,000,000 towards ROR and the Company's proposal for payment interest claims partly in cash and balance in the form of redeemable preference shares was not agreed by the banks during the year. The Company has paid ` 8,400,000 till 31 March, 2013. As the Company was incurring losses for past few years and there was no cash surplus, the Company is pursuing with the banks for waiver of balance amount of ` 75,600,000. The management is confident of getting waiver for the payment of the said demand and accordingly no provision 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 Act. Had the Company made provision for the said unpaid claims, Finance Cost, Other current liabilities and net loss would have been increased by ` 75,600,000 and shareholders' funds would have been reduced by ` 75,600,000.