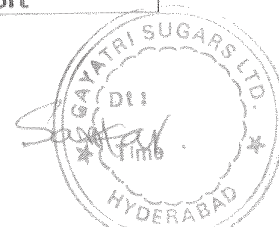


Quarterly Compliance Report on Corporate Governance Under Clause 49 of the Listing Agreement.

Name of the Company: Gayatri Sugars Limited  
Quarter ending on: 31<sup>st</sup> December, 2013

| Particulars  | Clause of Listing Agreement | Compliance Status Yes/No | Remarks                               |
|--|-----------------------------|--------------------------|---------------------------------------|
| <b>I Board of Directors</b>  | 49 I                        | Yes                      |                                       |
| (A) Composition of Board   | 49(IA)                      | Yes                      |                                       |
| (B) Non-executive Directors' Compensation & Disclosures                  | 49 (IB)                     | Yes                      |                                       |
| (C) Other Provisions as to Board and Committees                          | 49 (IC)                     | Yes                      |                                       |
| D) Code of Conduct   | 49 (ID)                     | Yes                      |                                       |
| <b>II. Audit Committee</b>   | 49 (II)                     | Yes                      |                                       |
| (A) Qualified & Independent Audit Committee                              | 49 (IIA)                    | Yes                      |                                       |
| (B) Meeting of Audit Committee   | 49 (IIB)                    | Yes                      |                                       |
| (C) Powers of Audit Committee  | 49 (IIC)                    | Yes                      |                                       |
| (D) Role of Audit Committee  | 49 II(D)                    | Yes                      |                                       |
| (E) Review of Information by Audit Committee                             | 49 (IIE)                    | Yes                      |                                       |
| <b>III. Subsidiary Companies</b>   | 49 (III)                    | N.A                      |                                       |
| <b>IV. Disclosures</b>   | 49 (IV)                     |                          |                                       |
| (A) Basis of Related Party Transactions                                  | 49 (IV A)                   | Yes                      |                                       |
| (B) Disclosure of Accounting Treatment                                   | 49 (IV B)                   | N.A                      |                                       |
| (C) Board Disclosures  | 49 (IV C)                   | Yes                      |                                       |
| (D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc. | 49 (IV D)                   | N.A                      |                                       |
| (E) Remuneration of Directors  | 49 (IV E)                   | Yes                      | Will be Complied in the Annual Report |
| (F) Management   | 49 (IV F)                   | Yes                      | Will be Complied in the Annual Report |
| (G) Shareholders   | 49 (IV G)                   | Yes                      | Will be Complied in the Annual Report |
| <b>V. CEO/CFO Certification</b>  | 49 (V)                      | Yes                      | Will be Complied in the Annual Report |
| <b>VI. Report on Corporate Governance</b>                                | 49 (VI)                     | Yes                      | Will be Complied in the Annual Report |
| <b>VII. Compliance</b>   | 49 (VII)                    | Yes                      | Will be Complied in the Annual Report |



**Clause 49 (IA)**

**Board of Directors**

|                                |                       |
|--------------------------------|-----------------------|
| Smt. T. Indira Subbarami Reddy | : Chairperson***      |
| Sri. TV Sandeep Kumar Reddy    | : Vice Chairman***    |
| Smt. T Sarita Reddy            | : Executive Director* |
| Sri. TR Rajgopalan             | : Director**          |
| Sri. S Venkata Swamy           | : Director**          |
| Sri P. Maruthi Babu            | : Director**          |

\* Executive Director

\*\* Independent Non- Executive Directors

\*\*\* Non independent non executive director

**Clause 49(IB)**

**Non Executive Directors compensation**

No remuneration is paid to the Non Executive Directors except sitting fee.

**Clause 49 (IC)**

**Board Procedures**

- The Company has conduct Board Meetings regularly and it ensured that the gap between two Board Meetings conducted did not exceed a period of four months.
- No Director is a member of more than 10 committees or chairman of more than 5 committees across all companies in which he is a director.

**Clause 49 (ID)**

**Code of Conduct**

Code of conduct for all the Board members and senior management was adopted in the Board meeting and the same is posted on the website. Affirmation of compliance to the Code on annual basis by the Board and senior management complied in the Annual Report.

**Clause 49 (IIA)**

**Audit Committee**

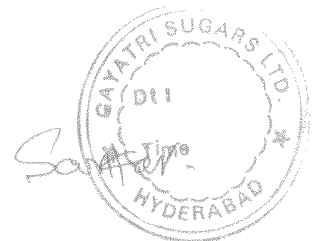
The following directors constitute the Audit Committee

|                     |             |
|---------------------|-------------|
| Sri TR Rajgopalan   | : Chairman* |
| Smt. T Sarita Reddy | : Member    |
| Sri P. Maruthi Babu | : Member*   |

\* Independent Non Executive Directors

**Clause 49 (II B)**

**Meetings of Audit Committee**



The Audit Committee met as and when required and all the members were present at the meeting and it shall be ensured that four meetings are held with not more than four months gap between two meetings.

**Clause 49 (II C) (II D) (II E)**

**Powers, Role and review of operations of Audit Committee**

The power, role and terms of reference of the Audit Committee as per the Listing Agreement and the Companies Act, 1956 are complied with.

**Clause 49 (III)**

**Subsidiary Companies**

There are no subsidiary companies and the compliance with this sub clause does not arise.

**Clause 49 (IV A)**

**Basis of related party transactions**

The basis of related party transactions are reviewed by the Audit Committee. This sub clause is complied with.

**Clause 49 (IV B)**

**Disclosure of Accounting Treatment**

Not Applicable.

**Clause 49 (IV C)**

**Board Disclosures**

The company continuously monitors business and operational risk. All key functions and divisions are independently responsible to monitor risk associated within their respective areas of operations. In line with the corporate governance practices, during the current year, an exhaustive exercise is underway for risk management commensurate with the size and nature of company's business.

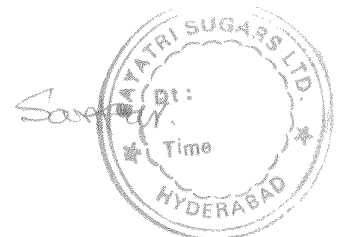
**Clause 49 (IV D)**

**Proceeds from public issues, rights issues, preferential issues etc.**

There was no public, rights or preferential issue made and hence the compliance of the sub clause does not arise.

**Clause 49 (IV E)**

**Remuneration of Directors**



No remuneration was paid to the non-executive directors except sitting fees. The details of remuneration paid to the Executive Director have been disclosed in the Annual Report for the year 2012 -13 and will be complied for the period 2013-14 also.

**Clause 49 (IV F)**

**Management**

The management discussion and analysis report has been included in the Annual Report 2012-13 and will be complied in the Annual report 2013-14 as well.

**Clause 49 (IV G)**

**Shareholders**

1. Quarterly results are being sent to the stock exchange on timely basis.
2. There were no pending investor grievances
3. The share transfers work has been delegated to the Registrars which are attended once in a fort night.

**Clause 49 (V)**

**CEO/CFO Certification**

The CEO/CFO certification has been included in the Annual Report 2012-13 and will be complied in the Annual Report 2013-14 as well.

**Clause 49 (VI)**

**Report on Corporate Governance**

The corporate governance report has been included in the Annual Report 2012-13 and will be complied in the Annual Report 2013-14 as well.

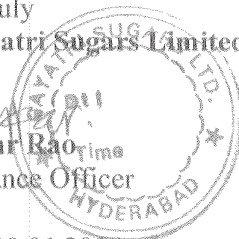
**Clause 49 (VII) - Compliance**

Certificate from the Chartered Accountant in Practice for compliance with clause 49 has been included in the Annual Report 2012-13 and will be complied in the Annual Report 2013-14 as well.

Yours truly

For Gayatri Sugars Limited

  
B. Sankar Rao  
Compliance Officer



Date : 10.01.2014,

Place : Hyderabad.