



**GAYATRI**

# **GAYATRI SUGARS LIMITED**

**NINETEENTH ANNUAL REPORT  
2013-14**



## **19<sup>th</sup> Annual General Meeting**

Day : Tuesday

Date : 30th September, 2014

TIME : 11.30 A.M.

Venue : KLN Prasad Auditorium,  
FAPCCI,  
Federation House,  
D.No. 11-6-841, Red Hills,  
Hyderabad – 500 004.

## NINETEENTH ANNUAL REPORT 2013-14

### **BOARD OF DIRECTORS**

Smt T Indira Subbarami Reddy

Sri. T V Sandeep Kumar Reddy

Sri. T R Rajagopalan

Sri. P Maruthi Babu

Sri. S Venkata Swamy

Smt. T Sarita Reddy

Chairperson

Vice Chairman

Director

Director

Director

Executive Director

### **CHIEF FINANCIAL OFFICER**

Mr. V. R. Prasad

### **COMPLIANCE OFFICER**

Mr. B. Sankara Rao

### **AUDITORS**

M/s Deloitte Haskins & Sells  
Chartered Accountants  
Secunderabad

### **COST AUDITORS**

M/s Narasimha Murthy & Co  
Cost Accountants  
Hyderabad

### **BANKERS**

Andhra Bank  
Union Bank of India  
Bank of Baroda  
State Bank of India  
Punjab National Bank

### **REGISTERED OFFICE**

B2, 2nd Floor, 6-3-1090, TSR Towers,  
Rajbhavan Road, Somajiguda,  
Hyderabad - 500 082.

Phone Nos: 23414823/24/25/26

Fax No:23414827

**Email:** gayatrisugars@gmail.com

**CIN:** L15421TG1995PLC020720

### **FACTORIES**

#### **Kamareddy Unit**

Adloor Yellareddy Village,  
Sadasivanagar Mandal,  
Nizamabad District,  
Telangana.

Phone No: (08468) 203331

#### **Nizamsagar Unit**

Maagi Village,  
Nizamsagar Mandal,  
Nizamabad District,  
Telangana.

Phone No: (08465) 275577

Fax No: (08465) 275800

## NOTICE

NOTICE is hereby given that the Nineteenth ANNUAL GENERAL MEETING of M/s. Gayatri Sugars Limited will be held at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004, on Tuesday, the 30<sup>th</sup> day of September, 2014 at 11.30 a.m to transact the following businesses.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash flow statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. T. Indira Subbarami Reddy, who retires by rotation, and being eligible, offers herself for re-appointment.

### 3. TO APPOINT AUDITORS AND FIX THEIR REMUNERATION

To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to provision of Section 149(10) of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, Mr. T R Rajagopalan (holding DIN 00020643), who holds office up to the date of this Annual General Meeting, and in respect of whom the company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr. T R Rajagopalan as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to provision of Section 149(10) of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, Mr. S. Venkata Swamy (holding DIN 00020620), and in respect of whom the company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr. S. Venkata Swamy as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting.”

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT, pursuant to provision of Section 149 of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, Mr. J N Karamchetti (holding DIN 00940963), and in

respect of whom the company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013 along with deposit of Rs.1 lakh signifying his intention to propose the appointment of Mr. J N Karamchetti as an Independent Director, be and is hereby appointed as Independent Director for a period of consecutive term of 5 years from the date of this general meeting.”

**7. Increase in Authorised Share Capital of the Company**

**To consider and, if thought fit to pass, with or without modification(s) the following Resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 61 and other applicable provisions, if any, of the Companies Act, 2013, and the Article 4. a of the Article of Association of the Company, the Authorized Share Capital of the Company be and is hereby increased from Rs. 90,00,00,000- (Rupees Ninety Crores Only) divided into 6,50,00,000 (Six Crore Fifty Lakhs Only) equity shares of Rs. 10 /- ( Rupees Ten) each and 2,50,00,000 (Two Crores Fifty Lakhs) preference shares of Rs.10/- (Rupees Ten) each to Rs. 110,00,00,000/- (Rupees One Hundred and Ten Crores Only) divided into 6,50,00,000 (Sixty Crore Fifty Lakhs Only) equity shares of Rs. 10 /- ( Rupees Ten) each and 4,50,00,000 (Rupees Four Crores Fifty Lakhs) preference shares of Rs.10/- (Rupees Ten) each by creation of additional 2,00,00,000 (Two Crore) preference shares of Rs. 10/- (Rupees Ten) each.”

**“RESOLVED FURTHER THAT** the Clause V in the Memorandum of Association of the Company be and is hereby altered by additions / deletions / modifications / substitutions as set out hereunder:

- i. Clause V in the Memorandum of Association of the Company be and is hereby substituted as follows: The Authorised share capital of the Company is Rs.110,00,00,000 (Rupees One Hundred and Ten Crores Only) divided into 6,50,00,000 (Six Crore Fifty Lakhs Only) equity shares of Rs. 10 /- ( Rupees Ten) each and 4,50,00,000 (Rupees Four Crores Fifty Lakhs) preference shares of Rs. 10/- (Rupees Ten) each with power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Article of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being be provided by the Article of Association of the Company and also to acquire, purchase, hold, resell any of its own fully/partly paid shares and/or preference shares whether redeemable or not and to make any payment out of capital or out of the funds at its disposal for in respect of such purchase subject to the provisions or the Act in force from time to time.
- ii. In Clause II the words “Andhra Pradesh” be deleted and the same be substituted by “Telangana”; and

**“RESOLVED FURTHER THAT** Article 4.a of the Articles of Association of the Company be and is hereby altered by additions / deletions / modifications / substitutions as set out hereunder:

- 4.a** The Authorised share capital of the Company is Rs.110,00,00,000 (Rupees One Hundred and Ten Crores Only) divided into 6,50,00,000 (Six Crore Fifty Lakhs Only) equity shares of Rs. 10 /- ( Rupees Ten) each and 4,50,00,000 (Rupees Four Crores Fifty Lakhs) preference shares of Rs. 10/- (Rupees Ten) each with power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Article of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being be provided by the Article of Association of the Company and also to acquire, purchase, hold, resell any of its own fully/partly paid shares and/or preference shares whether redeemable or not and to make any payment out of capital or out of the funds at its

disposal for in respect of such purchase subject to the provisions or the Act in force from time to time.

**8. Issue and Offer of Cumulative Redeemable Preference Shares on a Private Placement basis**

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

**“RESOLVED that** in accordance with the provisions of Sections 23, 42, 55, 62 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Rules framed there under, as may be amended from time to time and the Articles of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer or invite to subscribe, issue and allot, 2,50,00,00 (Rupees Two Crores Fifty Lakhs) 6% Cumulative Redeemable Preference Shares of the Company of the face value of Rs. 10/- (Rupees Ten) each, for an aggregate value of Rs. 25.00 crore (Rupees Twenty Five Crore Only), as Cumulative Redeemable Preference Shares (“CRPS”), to M/s. Mohan Project Contractors Private Limited on private placement basis, by way of conversion of some portion of Unsecured Loan availed by the company from M/s. Mohan Project Contractors Private Limited and on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

**“RESOLVED FURTHER that** in accordance with provisions of Section 43 of the Act, the CRPS shall be non participating, carry a preferential right, vis-à-vis Equity Shares of the Company, with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Act.”

**“RESOLVED FURTHER that** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such deeds, documents and writings, as it may in its absolute discretion deem necessary or incidental, and pay such fees and incur such expenses in relation thereto as it may deem appropriate.

**9. Increasing the Borrowing Powers of the Company and Creation of Security on the Properties of the Company.**

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 180 and other applicable provisions, if any, of the Companies Act 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called “the Board” and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing from time to time, as it may think fit, any sum or sums of money not exceeding Rs. 300.00 Crores (Rupees Three Hundred Crores Only) on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business), exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding Rs. Rs. 300.00 Crores (Rupees Three Hundred Crores Only), in aggregate or equivalent thereto in any foreign currency (including the monies already borrowed by the Company), on such security and on such terms and conditions as the Board may deem fit, by way of loans from, or issue of Bonds, Debentures or other Securities whether Convertible into Equity/Preference Shares and/or Securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe to Equity/Preference Shares (hereinafter referred to as “Securities”), to Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not.”

**“RESOLVED THAT** pursuant to Section 180 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable properties of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial/ investment institution(s), bank(s), insurance Company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the debentures, loans, hire purchase and/or lease portfolio management transaction(s) for finance and other credit facilities up to a sum not exceeding Rs.300.00 Crores (Rupees Three Hundred Crores Only).”

**“RESOLVED FURTHER THAT** the Board of Directors or such Committee/ or person(s) as authorised by the Board of Directors be and are hereby authorised to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board of Directors or such Committee in consultation with the lenders and the documentation in connection with securitising of receivables and for reserving the aforesaid right and for performing all such acts, things and deeds as may be necessary for giving full effect to this resolution.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution.”

**10. Ordinary Resolution for ratification of remuneration payable to M/s. Narasimha Murthy & Co., appointed as Cost Auditors of the Company for the F.Y 2014-15.**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Narasimha Murthy & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of Sugar, Power and Distillery divisions of the Company for the financial year 2014-15, for a remuneration of Rs. 1,50,000 (Rupees One Lakh Fifty Thousand) per annum plus applicable service tax and out of pocket expenses that may be incurred.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board  
For **GAYATRI SUGARS LIMITED**

Place: Hyderabad  
Date: 11th August, 2014

**(T. Sarita Reddy)**  
Executive Director

**NOTES:**

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out under the notice is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies, in order to be effective must be received at the company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
3. The Register of Members and the Share Transfer Books of the Company will be closed from 27<sup>th</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014 (both days inclusive).
4. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a Meeting.
5. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
6. Members who hold shares in dematerialized form are requested to write their client ID and DP ID Nos and those who hold shares in physical form are requested to mention their folio no. in the attendance slip for attending the meeting.
7. Members are requested to intimate the Registrars and Share Transfer Agents of the company, M/s. Venture Capital and Corporate Investments Private Limited, H.No. 12-10-167, Bharat Nagar, Hyderabad – 500018 cont: 040- 23818475, 23818476 immediately for any change in their address.
8. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
9. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

**10. Re-Appointment of Directors :**

At the ensuing Annual General Meeting, Mrs. T. Indira Subbarami Reddy and Shri T R Rajagopalan, Directors retire by rotation and being eligible offers themselves for re-appointment. The relevant information as required under Clause 49 of Listing Agreement concerning Corporate Governance Code in respect of appointment / re-appointment of Directors is given below for information of the Members;

**Smt. T. Indira Subbarami Reddy**, Joined Gayatri Sugars in 2005 and has experience in sugar, power generation and building infrastructure projects. With more than twenty-five years of experience, she has made a name for the Gayatri Group in both Industrial and Residential

projects, her star achievements including the prestigious twin theatres – Maheshwari-Parameshwari, which were constructed in record time, the impressive TSR Towers, and the Park Hyatt Hyderabad, a 5-Star Super Deluxe Luxury Hotel. She has also initiated strategic joint ventures with big players of the construction industry like DLF Limited.

**E-Voting Facility:**

**Process and Manner for members opting for e-voting is as under:-**

11. Voting through electronic means;

a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Securities Depository Limited (CSDL).

b. The instructions for e-voting are as under:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the **“Gayatri Sugars Limited”** from the drop down menu and click on “SUBMIT”
- (iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Physical Form	For Members holding shares in Demat Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio Number in the PAN field. Eg. If your name is Ramesh Kumar with Foilo Number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on Gayatri Sugars Limited on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The e-voting period commences on 23rd September, 2014 (9:00 am) and ends on 25th

September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 28th August, 2014.

Mr. Y. Koteswara Rao, Practicing Company Secretary (Membership No. 3785) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared in the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.gayatrisugars.com](http://www.gayatrisugars.com) in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours 9.00am to 5.00 pm on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company

By order of the Board  
For **GAYATRI SUGARS LIMITED**

Place: Hyderabad  
Date: 11th August, 2014

**(T. Sarita Reddy)**  
Executive Director

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013

#### **Item No.4**

Mr. T R Rajagopalan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on June 1, 2001. Mr. T R Rajagopalan is Chairman of the Nomination and Remuneration Committee and Audit Committee of the Board of Directors of the Company.

Mr. T R Rajagopalan is a MA, MSc, CAIIB. He is a Retired GM of SBI and has experience of 43 years in credit and International Banking. He held various assignments both at operational as well as policy framing levels. These assignments include Branch Manager, Regional Manager, Deputy General Manager (Commercial Banking) and General Manager (Commercial banking). He also handled the assignment with Bank of Ghana under World Bank to train all banking officials of that country, in the areas of Credit Management.

Mr. T R Rajagopalan retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 Mr. T R Rajagopalan eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29<sup>th</sup> September, 2019. A notice has been received from a member proposing Mr. T R Rajagopalan as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr T R Rajagopalan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr T R Rajagopalan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. T R Rajagopalan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. T R Rajagopalan as an Independent Director, for the approval by the shareholders of the Company by way of special resolution.

Except Mr. T R Rajagopalan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.5:**

Mr. S. Venkata Swamy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on January 30, 2001. Mr. S. Venkata Swamy is Chairman of the Stakeholder Relationship Committee and member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. S. Venkata Swamy is a retired Managing Director of Co-operative Sugar factories and has an experience of over 50 years in the Sugar Industry and his extensive and rich experience has been the motivation and foundation of manufacturing best practices at Gayatri Sugars Ltd.

Mr. S. Venkata Swamy retires is eligible to retire by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29<sup>th</sup> September, 2019. A notice has been received from a member proposing Mr. S. Venkata Swamy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. S. Venkata Swamy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. S. Venkata Swamy as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S. Venkata Swamy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S. Venkata Swamy as an Independent Director, for the approval by the shareholders of the Company by way of special resolution.

Except Mr. S. Venkata Swamy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No.6:**

Mr. J N Karamchetti did his Bachelor engineering in the year 1970 from College of Engineering, Kakinada, Andhra Pradesh. Later on he did his Masters in IIT Kharagpur in the year 1973. He is also a member of Indian Institute of Plant Engineers and institution of Engineers (India). He has a very rich experience in all fields of Engineering and in Steel, Energy, Rubber and Starch sectors. He is also very familiar for giving guest lecturers and presenting technical papers in various seminars and workshops especially in the field of Energy.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29<sup>th</sup> September, 2019. A notice has been received from a member proposing Mr. J N Karamchetti as a candidate for the office of Director of the Company

In the opinion of the Board, Mr. J N Karamchetti fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. S. Venkata Swamy as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. J N Karamchetti as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. J N Karamchetti as an Independent Director, for the approval by the shareholders of the Company by way of special resolution.

Except Mr. J N Karamchetti, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No.7:**

The authorised Share Capital of the Company needs to be increased from existing 90,00,00,000 (Rupees Forty Crores) to Rs. 110,00,00,000/- (Rupees One Hundred and Ten Crores Only) by creation of additional 2,00,00,000 (Two Crore) preference shares of Rs. 10/- (Rupees Ten) each to accommodate the proposed issue of Compulsorily Convertible Cumulative Preference Shares.

As required under Section 110 of the Companies Act, 2013, read with the Rule 22 of Companies (Management and Administration) Rules, 2014, the Board here by recommends the Increasing the Authorised Share Capital and accordingly modification of Clause V of the Memorandum of Association under Section 13 of the Companies Act, 2013 be confirmed and ratified by the shareholders. Accordingly, the Notice of the proposed Special Resolution is being sent to the Shareholders for their consideration and approval by way of special resolution.

Further, Clause II in the Memorandum of Association of the Company is proposed to be altered by substituting the State of Andhra Pradesh with the State of Telangana, in light of the provisions of Section 3 of the Andhra Pradesh reorganization Act, 2014.

None of the Directors, Key Managerial Personnel and relatives thereof are interested or concerned in the proposed resolution.

Your directors recommend the resolution for your approval by way of special resolution.

**Item No.8:**

The Board of Directors at their meeting held on 11<sup>th</sup> August, 2014, had approved of the offer and issuance of 2,50,00,000 – 6% Cumulative Redeemable Preference Shares (“CRPS”) of Rs. 10/- each, aggregating Rs. 25 crores, to M/s. Mohan Project Contractors Private Limited by way of conversion of Rs.25 crores out of the unsecured Loan of Rs. 51.80 crores availed by the Company from M/s. Mohan Project Contractors Private Limited.

Section 55 of the Act read with Rule 9 of the Companies (Share Capital and Debentures) Rules,2014 (“Rules”) framed there under, *inter alia*, requires a company to obtain the prior approval of the Shareholders, by way of a Special Resolution for issuance of preference shares.

Accordingly, the approval of the Members is being sought, by way of a Special Resolution, to offer and issue 6% Cumulative Redeemable Preference Shares to M/s. Mohan Project Contractors Private Limited.

A statement of disclosures as required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and the terms of issue of the CRPS, are as under:

<b>Issue size, number of preference shares to be issued and nominal value of each share</b>	The Company proposes to create, offer, issue and allot 2,50,00,000 – 6% Cumulative Redeemable Preference Shares (“CRPS”) of Rs. 10/- each, aggregating Rs. 25 crore on private placement basis.	
<b>Nature of shares</b>	cumulative, non participating and non-convertible.	
<b>Objectives of the issue</b>	Issue of CRPS is by way of conversion of Rs.25.00 Crs out of the unsecured loan of Rs.51.80 Crs availed by the Company from M/s. Mohan Project Contractors Private Limited	
<b>Manner of issue of shares</b>	Private Placement.	
<b>Issue Price</b>	Issue Price of CRPS will be issued at par.	
<b>Terms of issue and rate of dividend on each share</b>	Issued and offered on private placement basis. A dividend of 6% per share per annum, if declared, would be payable.	
<b>Terms, manner and modes of redemption</b>	Redemption at par in accordance with Section 55 of the Act, out of profits available for distribution as dividend or out of proceeds of a fresh issue of shares made for the purpose of Redemption.	
<b>Tenure of CRPS</b>	Not exceeding 9 years	
<b>Current Shareholding pattern of the company</b>		
<b>Category</b>	<b>No.of Shares</b>	<b>% of Holding</b>
Bodies corporate	83,77,835	19.170
Clearing member	1,12,719	0.258
Financial institutions/banks	794	0.002
Insurance companies	14,85,499	3.399
Non residential individuals	37,601	0.086
Promoter and promoter group	2,50,40,888	57.297
<b>Total</b>	<b>4,37,03,643</b>	<b>100.000</b>
<b>Expected dilution in equity capital upon conversion of preference shares</b>	Nil, since the CRPS are non convertible	

## ***Nineteenth Annual Report***

The issue of CRPS is in accordance with the provisions of the Articles of Association of the Company. There is no subsisting default in the redemption of preference shares issued by the Company or in payment of dividend due on any preference shares issued by the Company.

The Directors commend the Resolution at Item No. 8 of the accompanying Notice, for the approval of the Members of the Company by way of special resolution.

### **Item No.9:**

The shareholders of the Company by way of Ordinary resolution had, in the Annual General Meeting held on 29.09.2000, increased the borrowing limits of the Company and authorised the Board of Directors to borrow funds, from time to time, for the business of the Company, up to an amount, the aggregate outstanding of which should not exceed, at any given time, Rs.150.00 Crores.

Given the increase in the operations of the Company, it is proposed to increase the said limits to Rs.300.00 Crores. Pursuant to section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 approval of the shareholders by way of special resolution is required to authorize the Board of Directors to borrow moneys up to the said limits and create security in respect thereof.

Your directors recommend the resolution for your approval by way of special resolution.

None of the Directors, Key Managerial Personnel and relatives thereof is interested or concerned in the proposed resolution.

### **Item No.10**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of Sugar, Power and Distillery divisions of the Company.

Based on the recommendation of the Audit Committee, the Board has, considered and approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants as the cost auditors for the financial year 2014-15 at a remuneration of Rs.1.50 lac per annum plus applicable service tax and reimbursement of out of pocket expenses.

The Board recommends this resolution for approval of the Members

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested financially or otherwise, in the resolution.

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report of your company along with the Audited Accounts for the year ended 31<sup>st</sup> March 2014.

### FINANCIAL RESULTS

(Rs in lakhs )

Description	2013-14	2012-13
Revenue (Net of Excise Duty & VAT)	<b>19,705.18</b>	18,688.89
(Increase)/Decrease in stocks	<b>(5,168.56)</b>	(1,582.96)
Profit/(Loss) before depreciation and interest	<b>1,144.18</b>	2,284.86
Finance Charges	<b>2,168.95</b>	2,345.33
Depreciation	<b>1,262.53</b>	1,291.45
Profit/(Loss) before tax	<b>(2,287.30)</b>	(1,351.92)
Provision for tax	<b>Nil</b>	Nil
Profit/(Loss) after tax	<b>(2,287.30)</b>	(1,351.92)

### REVIEW OF OPERATIONS

#### Performance during the financial year 2013-14

Your Directors are pleased to report that during the year under review, the crushing operations for the crushing season 2013-14 were started by Kamareddy Unit on 24<sup>th</sup> November 2013 (previous year on 18<sup>th</sup> November 2012) and closed the operations on 6<sup>th</sup> April, 2014 (previous year on 4<sup>th</sup> March, 2013). The operations at Nizamsagar Unit started on 19<sup>th</sup> November 2013 (previous year on 9<sup>th</sup> November 2012) and closed on 8<sup>th</sup> April, 2014 (previous year on 11<sup>th</sup> March, 2013).

During the Crushing Season 2013-14 (up to 8<sup>th</sup> April, 2014) the company crushed 3.77 Lakh Tones of Sugar Cane (Previous Season 3.10 Lakh Tones) and produced sugar of 4.21 Lakhs Quintals (Previous Season 3.36 Lakh Quintals) with an Average Recovery of 11.13% (Previous Season 10.83%) at Kamareddy Unit and has crushed 3.20 Lakhs Tones (Previous Season 2.73 Lakh Tones) of Sugar Cane and produced sugar of 3.37 Lakhs Quintals (Previous Season 2.86 Lakh Quintals) at the Nizamsagar Unit. Both Units put together, 6.97 Lakh Tones of Sugar Cane was crushed and produced Sugar of 7.58 Lakhs Quintals with an average recovery of 10.92% comparing to the previous season figures of 5.83 Lakh Tones of Sugar Cane and Sugar of 6.22 Lakhs Quintals with an average recovery of 10.66%.

During the Financial Year, the Distillery unit produced Rectified Spirit (RS) of 70.47 Lakh Liters and Impure Spirit (IS) of 2.71 Lakh Liters, totally 73.18 lakh Liters compared to the previous year of Extra Neutral Alcohol (ENA) of 8.74 Lakhs Liters, Rectified Spirit (RS) of 41.52 Lakh Liters and Impure Spirit (IS) 2.36 Lakhs Liters totally 52.63 lakh liters.

The Export of Power during the crushing season 2013-14 was to the extent of 212.5 Lakh kwh (Kamareddy Unit 54.67 Lakh kwh & Nizamsagar Unit 160.32 lakh kwh) as compared to the previous year season of 212.49 lakh kwh (Kamareddy Unit- 74.26 Lakh kwh & Nizamsagar Unit- 138.23Lakh kwh).

### **Prospects for the financial year 2014-15**

The Company is estimating to crush quantity of around 7.25 lakh Tones of sugar cane during the current Financial Year 2014-15 compared to the previous year crushing of 6.97 lakh Tones. The production of Rectified Spirit is expecting 90 lakh Liters during the Current Financial Year 2014-15 compared to the previous year production of 73.18 lakh Liters.

### **DIVIDEND ON PREFERENCE SHARES**

As the company incurred losses during the year under review, the Directors could not recommend dividend on 6% Cumulative Redeemable Preference Shares.

### **LISTING OF SECURITIES**

The company's shares are listed with Bombay Stock Exchange Ltd., Mumbai and the annual listing fee for the year 2014-15 has been paid to the Bombay Stock Exchange Ltd., at Mumbai.

### **DIRECTORS**

Smt. T. Indira Subbarami Reddy and Sri. TR Rajagoplan will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public during the year under review.

### **PARTICULARS OF EMPLOYEES**

None of the employees of the company are drawing remuneration in excess of the limits mentioned under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Accordingly, no disclosure is made.

### **AUDITORS OF COMPANY**

The Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Secunderabad will retire at the conclusion of the ensuing Annual General Meeting as the Statutory Auditors of the company. They have confirmed their eligibility for reappointment pursuant to provisions of the Companies Act, 2013. Accordingly, your company proposes to appoint M/s. Deloitte Haskins & Sells as auditors of company till the conclusion of the next Annual General Meeting of the Company.

### **COST AUDIT**

As per Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, Company requires to appoint Cost Auditors. The Board of Directors and the Audit Committee of the Board has approved the appointment of M/s. Narasimha Murthy & Co., as Cost Auditors to audit the cost records of Sugar, Power and Distillery divisions of the Company for the financial year 2014-15 the same has been proposed to the shareholders for approval.

### **CONSERVATION OF ENERGY, ETC**

Information relating to Conservation of energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-A which forms part of this Report.

### **CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance and a certificate

from the Practicing Chartered Accountant is given in the Annexure – B and Annexure–C respectively and form part of this report.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 your director's state:

1. That in preparation of the Annual Accounts the applicable Accounting Standards have been followed by the company, except for the qualification by the statutory auditors in their report.
2. That your directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31.03.2014 and of the profit or loss of the company for the year ended on that date;
3. That your directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That your Directors have prepared annual accounts on a going concern basis.

#### **AUDITORS' OBSERVATIONS**

##### **Management Response to Auditors Qualifications:**

The response of the Directors to the Comments of the Auditors in their report on Financial Statement is as under:

The Bankers of the company claimed the Right of Recompense (ROR) amounting to Rs 840.00 lakhs on expiry of CDR time period. The company paid an amount of Rs 84.00 lakhs against the claim. Subsequently the Member Banks of the Consortium Andhra Bank, Bank of Baroda and State Bank of India agreed to extend the time till 31.03.2015, hence no provision was considered necessary.

#### **INDUSTRIAL RELATIONS**

The Industrial Relations continued to be peaceful during the year.

#### **ACKNOWLEDGEMENTS**

The Board of Directors would like to place on record their appreciation of the assistance and guidance extended by the Financial Institutions/Banks viz, Andhra Bank, Union Bank of India, Bank of Baroda, State Bank of India, Punjab National Bank, CDR Cell and Sugar Development Fund. Your Directors express their gratitude to the shareholders for the confidence reposed in the management. Your Directors also place on record their sincere appreciation of the total commitment and hard work put in by all the employees of the company.

For and on behalf of the Board

Place: Hyderabad  
Date: May 26, 2014

**(T. SARITA REDDY)**  
Executive Director

**(T.V. SANDEEP KUMAR REDDY)**  
Vice-Chairman

## Annexure - A to Directors' Report

**Information required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in respect of Board of Directors) Rule, 1988.**

<b>A) CONSERVATION OF ENERGY</b>	
a. Energy Conservation	i) Truck unloaders were replaced to save the power consumption at Kamareddy Unit ii) Juice clarifier central shaft replaced to improve the clarifier efficiency and to reduce steam consumption. iii) Injection water piping replaced to improve the batch and continuous pans efficiency iv) Condensed Juice Heaters are used to save steam.
b. Additional Investment Proposals, if any, being implemented for reduction of Consumption of energy	i) For improving the boiler efficiency and to run the boilers at rated capacity, modification of existing wet scrubbers taken up. ii) New 1750 Kg Centrifugal machine installed to replace the old Centrifugal machine.
c. Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on	i. The plant efficiency has increased and the crushing capacity has reached to rated capacity at Kamareddy Unit and Nizamsagar Unit. ii. Power consumption per tone of cane came down and power factor also improved.
d. Total energy consumption and energy consumption per unit of production as per Form A	Enclosed
<b>B) TECHNOLOGY ABSORPTION:</b>	
a. Efforts made in technology as per Form B	Plants at both the manufacturing units are as per standard specifications of Government of India
<b>C) FOREIGN EXCHANGE EARNINGS &amp; OUT GO:</b>	
a. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services ; and export plans.	Nil
b. Total Foreign exchange used & Earned	Total Foreign exchange used : Nil Total Foreign exchange Earned : Nil

**FORM A  
(See Rule 2)**

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Sl No	Particulars	Current Year 2013-14		Previous Year 2012-13	
		Kamareddy Unit	Nizamsagar Unit	Kamareddy Unit	Nizamsagar Unit
<b>A</b>	<b>POWER AND FUEL CONSUMPTION</b>				
	<b>1. ELECTRICITY</b>				
	<b>a) PURCHASED</b>				
	Units KWH (Lakhs)	7.19	5.47	6.6	7.81
	Total Amount (Rs. Lakhs)	43.14	24.62	37.95	32.33
	Rate/Unit (Rs.)	6.00	4.50	5.75	4.14
	<b>b) OWN GENERATION</b>				
	<b>i) Through Diesel Generator</b>				
	Units KWH	2904	3700	1536	1600
	Units per Ltr. of Diesel Oil-KWH	2.95	3.08	3.00	2.81
	Cost / Unit (Rs.)	20.33	18.75	17.66	18.89
	<b>ii) Through Steam Turbines / Generator</b>				
	Units KWH (lacs)	176.31	293.25	181.40	234.31
	Units per tonne of Bagasse/paddy husk	240.00	270.50	230.00	279.85
	Cost/Unit (Rs.)	3.75	2.90	3.20	2.81
	<b>2) COAL</b>				
	Quantity (Tonnes)	Nil	Nil	Nil	Nil
	Total Cost (Rs. Lakhs)	Nil	Nil	Nil	Nil
	Average Rate (Rs.)	Nil	Nil	Nil	Nil
	<b>3) PADDY HUSK/FIREWOOD</b>				
	Quantity (Tonnes)	29.5	Nil	71.12	Nil
	Total Cost (Rs. Lakhs)	0.81	Nil	1.63	Nil
	Average Rate (Rs.)	2745	Nil	2300	Nil
	<b>4) BAGASSE</b>				
	Quantity (Tonnes)	82958	89639	76333	82479
	Total Cost (Rs. Lakhs)	746.62	806.75	610.00	659.83
	Cost Per Tonne (Rs.)	900.00	900.00	800.00	800.00
	<b>5) FURNACE OIL</b>				
	Quantity (Tonnes)	Nil	Nil	Nil	Nil
	Total Cost (Rs. Lakhs)	Nil	Nil	Nil	Nil
	Average Rate (Rs.)	Nil	Nil	Nil	Nil
	<b>6) DIESEL OIL</b>				
	Quantity (Lts)	984.40	1200	512	555
	Total Cost (Rs. Lakhs)	0.59	0.74	0.27	0.28
	Average Rate (Rs.)	60.00	61.66	53.00	50.45
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>				
	Electricity Per Ton of Sugar (KWH)	307.00	365.00	388.00	368.00

## Annexure - B to Directors' Report

### Corporate Governance Report

#### A. Corporate Governance Philosophy

The Company is a firm believer in core values of Corporate Governance Code. The company fully understands the rights of its shareholders to have information on the performance of the company and considers itself a trustee of its shareholders. The company is committed to good corporate governance, adherence to Statutory and regulatory prescriptions, care for environment and social responsibility.

The Company has adopted a code of conduct for members of the Board and senior management, who have all affirmed in writing their adherence to the code.

#### B. Board of Directors

The composition of the Board is well balanced with expertise drawn from Industry, Management, Financial and Agriculture. The Company has Non executive Chairman.

##### i) Composition and category of directors as on 31st March 2014

Category	No. of Directors
Executive Directors	1
Non Executive Non Independent Directors	2
Non Executive Independent Directors	3

##### ii) Attendance of each director at the Board meetings held during the year and at the last Annual General Meeting and the Number of other Boards / Board committees in which the Directors are either Member or Chairman.

	Mrs. T. Indira Subbarami Redy	T. Sarita Reddy	Mr. T.V. Sandeep Kumar Reddy	Mr. T.R. Rajagopalam	Mr. P. Maruthi Babu	Mr. T. Venkata Swamy
Category	Chairperson Promoter	Executive Director	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Date of appointment	21/07/2005	21/07/2005	15/06/1995	01/06/2001	15/04/2010	30/01/2001
Directorship in other Public Companies	5	4	14	1	3	—
Directorship in Board of Private Companies	21	17	25	2	3	—
Chairmanship in Committees of Board of other Companies	—	—	1	—	1	—
Membership in Committees of Board of other Companies	1	2	4	1	4	—

	<b>Mrs. T. Indira Subbarami Redy</b>	<b>T. Sarita Reddy</b>	<b>Mr. T.V. Sandeep Kumar Reddy</b>	<b>Mr. T.R. Rajagopalam</b>	<b>Mr. P. Maruthi Babu</b>	<b>Mr. T. Venkata Swamy</b>
No. of Board Meetings held / attended	8/4	8/8	8/6	8/8	8/8	8/5
Attendance at the last AGM held on Sept. 30, 2013	No	Yes	No	Yes	Yes	Yes
No. of Shares held as on 31/03/2014	3793508	0	6763031	0	701	0

During the Financial year 2013-14, Eight Board meetings were held on 27<sup>th</sup> May 2013, 12<sup>th</sup> August 2013, 04<sup>th</sup> September 2013, 13<sup>th</sup> November 2013, 28<sup>th</sup> December 2013, 12<sup>th</sup> February 2014, 06<sup>th</sup> March 2014 and 29<sup>th</sup> March 2014.

### C. Audit Committee

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement.

#### i) Brief Description of terms of reference

The terms of reference of the Audit Committee are in conformity with the provisions of Sub Clause II of Clause 49 of the Listing agreements entered with the Bombay Stock Exchange, which, inter alia includes the following:

- Oversee the Company's financial reporting process.
- Recommending appointment and removal of external auditors and fixing of their fees.
- Reviewing with management the quarterly, half yearly and annual Financial results/statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning Financial statements.
- Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- Reviewing the adequacy of internal control systems and significant audit findings.
- Discussion with external auditors regarding nature and scope of audit.

#### ii) Composition of the Audit committee and the details of Meetings held and attendance during the Financial Year 2013-14.

The Audit Committee meetings were held four times during the Financial year 2013-14 on 27<sup>th</sup> May 2013, 12<sup>th</sup> August 2013, 13<sup>th</sup> November 2013 and 12<sup>th</sup> February 2014 and periodically reviewed all the matters pertaining to the items of reference.

The composition of the Audit Committee and the attendance of each director at these Meetings as follows:-

<b>S.No.</b>	<b>Members of the Audit Committee</b>	<b>No.of meetings attended</b>
1	Sri T R Rajagopalan - Chairman	4
2	Sri P Maruthi Babu - Member	4
3	Smt T Sarita Reddy - Member	4

**D. Remuneration Committee**

**i) Brief description of terms of reference**

This committee has a mandate to evaluate compensation and benefits for Executive Directors.

**ii) Composition of the Remuneration Committee and the details of Meetings held and attendance during the Financial Year 2013-14.**

The Remuneration Committee consists entirely of Non Executive Directors and the composition is as follows:

S.No.	Members of the Remuneration Committee	No.of meetings attended
1	Sri T R Rajagopalan - Chairman	1
2	Sri S. Venkata Swamy - Member	1
3	Sri P Maruthi Babu - Member	1

One remuneration committee meeting was held during the Financial year 2013-14 on 27.05.2013.

**ii) The Remuneration policy of the Company is summarized as follows:**

**i) For Managing Director/Executive Director:**

The total remuneration, subject to share holders approval consists of

- a fixed component consisting of salary, allowances and perquisites and benefits are in line with the Company's rules for senior managerial personnel.

**iii) For Non Executive Directors**

Sitting fees is paid as per the Companies Act, 1956 and the Articles of Association of the Company, for attending meetings of the Board or any committees of the Board. Directors are also reimbursed actual travel costs and incidental expenses incurred for attending such meetings or in connection with the Company's business.

**iv) Remuneration and sitting fees paid to directors during the financial year 2013-14.**

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (Rs.Lakhs)	Sitting fees (Rs)
Smt. T Indira Subbarami Reddy	Non Executive Chairperson	—	4,000
Sri T V Sandeep Kumar Reddy	Executive Vice Chairman	—	6,000
Sri T R Rajagopalan	Non Executive / Independent	—	13,000
Sri. P Maruthi Babu	Non Executive / Independent	—	13,000
Sri S Venkata Swamy	Non Executive / Independent	—	6,000
Smt. T Sarita Reddy	Executive Director	36.99	—

**E. Shareholders Grievance Committee**

**i) Terms of reference**

The Committee was constituted to specifically look into the redressal of shareholder and investor complaints like transfer of shares, non receipt of balance sheet and non receipt of declared dividend.

**ii) Composition of the Shareholders Grievance Committee and the details of Meetings held and attendance during the Financial Year 2013-14.**

The Shareholders Grievance Committee meetings were held during the Financial year 2013-14 on 18<sup>th</sup> June 2013 and 09<sup>th</sup> September 2013.

S.No.	Members of the Committee	No. of meetings attended
1	Sri S Venkataswamy - Chairman	2
2	Sri T V Sandeep Kumar Reddy - Member	2
3	Smt T Sarita Reddy - Member	2

**iii) Name and designation of Compliance officer.**

Sri B Sankara Rao is the Compliance Officer.

**iv) The status of investor queries / complaints is as under:-**

No. of Investor queries / complaints received in the year 2013-14	Pending at the end of the year 2013-14	No. of pending share transfers
1	Nil	Nil

**F. General Body Meetings**

i) The Annual General Meetings (AGMs) of the company have been held at the following places during the last three years.

Year	Venue	Day and Date	Time
2012-13	KLN Prasad Auditorium, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Monday the 30 <sup>th</sup> day of September 2013	10.00 AM
2011-12	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Tuesday the 25 <sup>th</sup> day of September 2012	4.00 PM
2010-11	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Saturday the 10 <sup>th</sup> day of August 2011	4.00 PM

All the Special Resolutions placed before the shareholders at the above meetings were approved. There were no resolutions requiring approval through Postal Ballot.

**G. Disclosures**

**i) Disclosures on materially significant related party transactions**

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their subsidiaries or relatives which may have potential conflict with the interests of the company. The necessary disclosures regarding the transactions with Related Parties are given in the Notes to the Accounts.

**ii) Risk Management**

Business risk evaluation and management is an ongoing process with the organization.

**iii) Details of Non-compliance by the company, penalties, strictures imposed on the company by the Stock Exchanges, SEBI or any Statutory Authorities or any matter related to capital markets.**

The company has complied with all the requirements of the listing agreement with the stock exchanges as well as regulations and guidelines of SEBI. No penalties or strictures imposed by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to the capital markets during the last three years.

**iv) Means of Communication**

The quarterly, half yearly un-audited Financial results and the annual audited Financial results are published in leading News Papers namely Business Standard and Andhra Prabha.

**H) Management’s Discussion and Analysis Report**

**Overall review:**

The Company has crushed 6.97 lakh tonnes (previous year 5.83 lakh tonnes) of sugar cane and produced 7.58 lakh quintal (previous year 6.21 lakhs quintals) of sugar with an average recovery of 10.92% (previous year 10.66%). The Company has sold 6.08 lakh quintals (previous year 6.01 Lakh quintals) of sugar. The company’s average sales realization of sugar has decreased to Rs.2,742/- per quintal during the current year as compared to Rs. 2,816/- per quintal during the previous year. Company has incurred cash loss of Rs. 1024.77 Lakhs during the year as compared to the cash loss of Rs.60.43 Lakhs during the previous year.

**Revenue:**

Company has achieved a net Turnover Rs.197.05 Crores as compared to Rs.186.89 Crores during the previous year.

**Sugar Industry Analysis:**

The Financial Year 2013-14 has been a challenging year for the Sugar Industry as the sugar prices have witnessed a down ward through out the Financial Year.

As per Indian Sugar Mills Association (ISMA), the Sugar Production for the Sugar Season 2012-13 was 25.14 Million Tonnes against 26.34 Million Tonnes in the previous Season due to deficient rain fall in the states of Maharashtra, Karnataka and Tamilnadu.

For the Sugar season 2013-14, ISMA projected 25 Million Tonnes of Sugar production in September, 2013 where as the actual production till April, 2014 was 24.3 Million Tonnes.

The expected sugar production in India for the next sugar season 2014-15 would be around 24.00 million tonnes on account of decrease of Acreage due to drought conditions in the states of Karnataka and Maharashtra.

**I) Compliance of Insider Trading Norms**

The Company has adopted the code of internal procedures and conduct for listed Companies notified by the Securities Exchange Board of India prohibiting insider trading.

**J) General Shareholders’ information**

**a) Date, Time and Venue of AGM**

Day, Date and Time	Tuesday, the 30 <sup>th</sup> day of September, 2014 at 11.30 a.m
Venue	KLN Prasad Auditorium, Federation House, Door No: 11-6-841, Red Hills, Hyderabad- 500004

**b) Profile of Directors seeking reappointment/appointment and ratification/approval of Central Government**

Brief resume of Directors and nature of their expertise in functional areas Company	Directorships / Committee Memberships in other companies	Shareholding in the
a. <b>Mr. T R Rajagopalan:</b> Mr. T R Rajagopalan, is a MA, MSc, CAIIB. He is a Retired GM of SBI and has experience of 43 years	He is director in 2 Public Limited Companies and	Nil

<p>in credit and International Banking. He held various assignments both at operational as well as policy framing levels. These assignments include Branch Manager, Regional Manager, Deputy General Manager (Commercial Banking) and General Manager (Commercial banking). He also handled the assignment with Bank of Ghana under World Bank to train all banking officials of that country, in the areas of Credit Management.</p>	<p>in 2 private limited companies.</p>	
<p><b>b. Mrs. T. Indira Subbarami Reddy:</b> She has experience in sugar, power generation and building infrastructure projects. With more than twenty-five years of experience, she has made a name for the Gayatri Group in both Industrial and Residential projects, her star achievements including the prestigious twin theatres – Maheshwari-Parameshwari, which were constructed in record time, the impressive TSR Towers, and the Park Hyatt Hyderabad, a 5-Star Super Delux hotel. She has also initiated strategic joint ventures with big players of the construction industry like DLF Limited.</p>	<p>She is a director in 6 Public Limited Companies and 21 Private Companies</p>	<p>3793508</p>

- c) Financial year** : April 1 to March 31
- d) Date of Book closure** : from Saturday 27<sup>th</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014 (both days inclusive).
- e) Dividend Payment date** : Not Applicable
- f) Listing on Stock Exchanges** : The Bombay Stock Exchange Ltd.  
PJ Towers, Dalal Street, Fort, Mumbai 400001.
- g) Stock code** : 532183
- h) Market Price data** : High / Low during each month in the Financial year 2013-14.

Month	High Rs.	Low Rs.	Volume (Nos)
Apr-13	3.04	1.92	74887
May-13	2.21	1.78	8679
Jun-13	2.14	1.61	29875
Jul-13	2.10	1.53	42828
Aug-13	2.27	1.91	8746
Sep-13	2.09	1.64	3992
Oct-13	1.72	1.39	32403
Nov-13	1.62	1.24	13940
Dec-13	1.97	1.39	24260
Jan-14	2.25	1.61	18013
Feb-14	1.77	1.39	10933
Mar-14	1.52	1.14	37831

**i) Registrar and Transfer Agents**

Venture Capital and Corporate Investments Limited,  
House No. 12-10-167, Bharat Nagar, Hyderabad - 500018 Ph: 23818475, 23818476

**j) Share transfer system**

Shares lodged for physical transfer would be registered within a period of 15 days if the documents are complete in all respects. The shares duly transferred would be dispatched to the shareholders concerned within a week from the date of approval of transfers by the Share Transfer committee. For this purpose, the Share Transfer Committee meets as often as required. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. As the Company's shares are currently traded in dematerialized form the transfers are processed and approved in the electronic form by NSDL/ CDSL through their depository participants.

**k) Shareholding pattern**

Shareholders	As on 31.03.2014		As on 31.03.2013	
	No. of Shares	%	No. of Shares	%
Promoters	<b>2,50,40,888</b>	<b>57.30</b>	2,50,40,888	57.30
Financial Institutions and Banks	<b>17,50,698</b>	<b>4.00</b>	17,50,698	4.00
Private corporate bodies	<b>83,26,301</b>	<b>19.05</b>	84,18,458	19.26
Indian Public	<b>85,46,629</b>	<b>19.56</b>	84,52,487	19.35
NRI/OCB	<b>39,127</b>	<b>0.09</b>	41,112	0.09
<b>Total</b>	<b>4,37,03,643</b>	<b>100.00</b>	43,703,643	100.00

**l) Distribution of Shareholding as on 31st March, 2014**

Nominal Value	Holders		Amount	
	No	% to Total	In Rs.	% to Total
Upto 5000	13937	82.07	2,33,01,950	5.33
5001-10000	1571	9.25	1,18,52,630	2.71
10001-20000	821	4.83	1,24,24,710	2.84
20001-30000	195	1.15	48,16,480	1.10
30001-40000	173	1.02	63,34,620	1.45
40001-50000	58	0.34	26,08,550	0.60
50001-100000	131	0.77	92,88,770	2.13
100001 and above	96	0.57	36,64,08,720	83.84
<b>TOTAL</b>	<b>16982</b>	<b>100.00</b>	<b>43,70,36,430</b>	<b>100.00</b>

**m) Dematerialization of shares and liquidity**

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialized form.

**Status of Dematerialization of shares as on March 31, 2014.**

Held in NSDL : 2,66,96,405 shares  
Held in CDSL : 1,69,46,790 shares  
Held in Physical : 60,448 shares

**n) ADR's / GDR's**

As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments and as such, there is no impact on the Equity share capital of the Company.

**o) Share Transfer Agents and Registrar**

Physical and Demat Share Transfer Agents and Registrars

Venture Capital and Corporate Investments Limited,

House No. 12-10-167, Bharat Nagar, Hyderabad - 500018 Ph: 23818475, 23818476

**p) Address for correspondence and contact persons for investor queries**

**Registered Office:**

Gayatri Sugars Limited

B2, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers

Rajbhvan Road, Somajiguda

Hyderabad – 500 082.

**Contact Person :**

Sri VR Prasad, Chief Financial Officer / Mr. B Sankara Rao, Compliance Officer

Phone: 23414823, Fax: 23414827

Email : [compliance.gayatrisugars@gayatri.co.in](mailto:compliance.gayatrisugars@gayatri.co.in)

For and on behalf of the Board  
For **GAYATRI SUGARS LIMITED**

Place: Hyderabad  
Date: May 26, 2014

**(T. SARITA REDDY)**  
Executive Director

**(T.V. SANDEEP KUMAR REDDY)**  
Vice-Chairman

## **Annexure - C to Directors' Report**

### **Certificate on compliance of conditions of corporate governance as per Clause 49 of the Listing Agreement with the Stock Exchanges**

**To**

**The Members of  
Gayatri Sugars Limited**

We have examined the compliance of conditions of corporate governance by Gayatri Sugars Limited ("the Company") for the year ended 31<sup>st</sup> March 2014, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **VAS & Co.**  
Chartered Accountants  
Firms Registration No. 0045375

Place: Hyderabad  
Date: May 26, 2014

**G.S.S. Srinivas**  
Proprietor  
Membership No. 020901

### **DECLARATION BY CEO OF THE COMPANY ON CODE OF CONDUCT**

I, T Sarita Reddy, Executive Director, hereby declare that as provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31<sup>st</sup> March 2014.

**For Gayatri Sugars Limited**

Place : Hyderabad  
Date : May 26, 2014

**T Sarita Reddy**  
Executive Director

### **CEO AND CFO CERTIFICATION**

As required by sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the Financial year ended 31<sup>st</sup> March 2014, the Company has complied with the requirements of the said sub-clause.

**For Gayatri Sugars Limited**

**For Gayatri Sugars Limited**

Place : Hyderabad  
Date : May 26, 2014

**T Sarita Reddy**  
Executive Director

**V. R. Prasad**  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
**GAYATRI SUGARS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **GAYATRI SUGARS LIMITED** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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

### **Basis for Qualified Opinion**

*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 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 ₹8,400,000 till 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 ₹ 75,600,000. Subsequently, the bankers have agreed for extension of time for payment of the balance ROR claim up to March 2015 or earning of profit whichever is earlier (Refer Note 32 in the financial statements). 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<sup>th</sup> 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 ₹75,600,000 (March 31, 2013: ₹75,600,000) and shareholders' funds would have been reduced by ₹75,600,000 (March 31, 2013: ₹75,600,000) and the Loss per Share would be higher by ₹1.73 (March 31, 2013: ₹1.73). This matter was also qualified in our report on the financial statements for the year ended 31<sup>st</sup> March, 2013.

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following notes to the financial statements:

- (i) Note 31 relating to accumulated losses amounting to ₹606,201,701 as at 31<sup>st</sup> March, 2014, resulting in the substantial erosion of the net-worth of the Company as on that date and the Company's reference to the Board for Industrial and Financial Reconstruction on August 5, 2013 under Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985. The Company incurred a loss of ₹228,729,923 during the year ended 31<sup>st</sup> March 2014 and the current liabilities exceeded its current assets by ₹ 584,680,821. These conditions, along with other matters as set forth in the said Note, including its dependence on continuous support from its promoters to make it economically viable, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis for the reasons stated in the said Note.

- (ii) Note 33 regarding the payment of remuneration to the Executive Director reappointed during the year, which is in excess of the limits specified in Schedule XIII, to the Companies Act, 1956 by ₹3,699,000 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above*, in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

**Ganesh Balakrishnan**  
Partner  
Membership No.201193

Hyderabad, May 26, 2014

## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) Having regard to the nature of the Company's business/activities/ results during the year, clauses (vi), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) None of the fixed assets was disposed during the year.
- iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of audit, we have not observed any major weakness in such internal control system.
- vi) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government

under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

- ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities except for dues relating to Cane Development Council Fund and Income-tax.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2014 for a period of more than six months from the date they became payable, except as given below:

Name of the statute	Nature of Dues	Period to which the amount relates	Amount involved ₹
Income Tax Act, 1961	Dividend Distribution Tax	2006-07	802,523

- (c) There were no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax and Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2014 on account of disputes except as given below:

Name of the statute	Nature of Dues	Period to which the amount relates	Forum where pending	Amount involved ₹
Central Excise Act, 1944	Excise Duty (excluding interest and penalty)	Various years covering the period 2006 to 2010	Central Excise and Service Tax Appellate Tribunal	5,853,521
		Various years covering the period 2008 to 2013	Central Excise and Service Tax Appellate Tribunal	8,028,148
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	2011-12 and 2012-13	Appellate Deputy Commissioner	1,107,079

Out of the total disputed dues aggregating to ₹ 14,988,748 as above, ₹ 6,960,600 has been stayed for recovery by the relevant authorities.

- x) Subject to the consequential effects of our qualification reported in the paragraph "Basis for Qualified Opinion" of our Audit Report of even date, the accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to the bank as at

## Nineteenth Annual Report

the balance sheet date. Also refer Note No 32 forming part of the financial statements, for default in payment of Right of Recompense interest claims. Such delays have been summarized as given below:

Amount in ₹

Lender Name	Principal ₹	Number of Instalments	Period of delay (in days)	Interest ₹	Number of Instalments	Period of delay (in days)
Indian Overseas Bank-I	8,474,000	3	42-90 Days	632,289	3	13-170 Days
Indian Overseas Bank-II	12,375,000	9	17-139 Days	1,276,029	9	17-108 Days
Union Bank of India - I	9,052,942	1	78 Days	648,264	1	85 Days
Union Bank of India - II	4,876,471	1	78 Days	358,087	1	85 Days
Union Bank of India - III	1,929,412	1	78 Days	141,512	1	85 Days
Andhra Bank - I	40,000,000	4	2-89 Days	3,331,454	9	3-136 Days
Andhra Bank - II	1,314,748	1	77 Days	47,526	1	78 Days
Union Bank of India Vehicle Loan	156,891	11	3-61 Days	34,289	11	3-61 Days
IFCI- Sugar Development Fund Loan	19,916,000	1	133 Days	6,667,768	1	133 Days
Andhra Bank Harvesting Term Loan	—	—	—	938,946	12	29-333 Days
Bank of Baroda	—	—	—	8,150,420	4	1-48 Days

- xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not, *prima facie*, prejudicial to the interests of the Company.
- xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis aggregating approximately ₹485,817,989 have been used for long-term investments.
- xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

**Ganesh Balakrishnan**  
Partner

Membership No.201193

Hyderabad, May 26, 2014

## BALANCE SHEET AS AT 31 MARCH, 2014

Particulars	Note	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	598,475,285	598,475,285
(b) Reserves and surplus	4	(584,617,511)	(355,887,588)
		<u>13,857,774</u>	<u>242,587,697</u>
<b>2 Non - current liabilities</b>			
(a) Long - term borrowings	5	889,202,491	683,120,206
(b) Other long - term liabilities	6	62,686,152	218,309,568
(c) Long - term provisions	7	16,366,778	17,755,684
		<u>968,255,421</u>	<u>919,185,458</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	604,120,244	593,999,010
(b) Trade payables	9	972,629,094	607,322,118
(c) Other current liabilities	10	518,160,145	427,900,369
(d) Short-term provisions	11	3,340,958	7,647,204
		<u>2,098,250,441</u>	<u>1,636,868,701</u>
<b>Total</b>		<u><u>3,080,363,636</u></u>	<u><u>2,798,641,856</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12A	1,468,019,541	1,535,543,437
(ii) Intangible assets	12B	72,729,382	84,843,006
(iii) Capital work-in-progress		26,045,093	24,372,832
		<u>1,566,794,016</u>	<u>1,644,759,275</u>
<b>2 Current assets</b>			
(a) Inventories	13	1,323,072,824	798,155,752
(b) Trade receivables	14	46,859,933	28,696,139
(c) Cash and cash equivalents	15	76,525,987	58,932,229
(d) Short-term loans and advances	16	67,110,876	95,191,305
(e) Other current assets	17	—	172,907,156
		<u>1,513,569,620</u>	<u>1,153,882,581</u>
<b>Total</b>		<u><u>3,080,363,636</u></u>	<u><u>2,798,641,856</u></u>

See accompanying notes forming part of the financial statements 1-34

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad  
Date : May 26, 2014

**For and on behalf of the Board of Directors**

**T. Sarita Reddy**  
Executive Director

**T.V. Sandeep Kumar Reddy**  
Vice Chairman

**V.R. Prasad**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014**

PARTICULARS	Note	For the Year Ended 31 March, 2014 ₹	For the Year Ended 31 March, 2013 ₹
<b>I. Revenue</b>			
Revenue from operations (gross)	18	2,031,176,214	1,926,608,324
Less : Excise duty		60,657,687	57,719,139
<b>Revenue from operations (Net)</b>		<u>1,970,518,527</u>	<u>1,868,889,185</u>
Other income	19	1,926,723	2,943,072
<b>Total revenue</b>		<u>1,972,445,250</u>	<u>1,871,832,257</u>
<b>II. Expenses</b>			
Cost of materials consumed	20 a	2,009,107,819	1,490,338,886
Changes in inventories of finished goods and work-in-process	20 b	(516,856,322)	(158,296,219)
Employee benefits expense	21	113,412,139	98,979,880
Finance costs	22	216,894,873	234,533,074
Depreciation and amortisation expense	12C	126,252,943	129,144,905
Other expenses	23	252,363,721	212,323,854
<b>Total expenses</b>		<u>2,201,175,173</u>	<u>2,007,024,380</u>
<b>III. Loss before tax (I-II)</b>		<u>(228,729,923)</u>	<u>(135,192,123)</u>
<b>IV. Tax expense</b>		—	—
<b>V. Loss for the year (III-IV)</b>		<u>(228,729,923)</u>	<u>(135,192,123)</u>
Earnings per equity share of ₹ 10/- each) Basic / Diluted (₹)	28	(5.49)	(3.35)

See accompanying notes forming part of the financial statements 1-34

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Ganesh Balakrishnan**  
Partner

**T. Sarita Reddy**  
Executive Director

**T.V. Sandeep Kumar Reddy**  
Vice Chairman

Place : Hyderabad  
Date : May 26, 2014

**V.R. Prasad**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014**

Particulars	For the Year Ended 31 March, 2014 ₹	For the Year Ended 31 March, 2013 ₹
<b>Cash flow from operating activities</b>		
Loss before tax	(228,729,923)	(135,192,123)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	126,252,943	129,144,905
Loss on sale of fixed assets	—	3,798
Provision for employee benefits	(1,444,414)	3,098,387
Finance costs	196,303,334	223,223,864
Interest income	(321,781)	(598,981)
Liabilities / provisions no longer required written back	(567,920)	—
<b>Operating profit before working capital changes</b>	<b>91,492,239</b>	<b>219,679,850</b>
Changes in working capital:		
Inventories	(524,917,072)	(166,727,264)
Trade receivables	(18,163,794)	299,589
Short-term loans and advances	23,729,589	(18,299,791)
Other current assets	172,907,156	(127,245,579)
Trade payables	365,874,896	173,054,826
Other current liabilities	110,417,650	62,297,415
Other long-term liabilities (net)	(131,689,302)	150,390,013
	<b>(1,840,877)</b>	<b>73,769,209</b>
<b>Cash generated from operations</b>	<b>89,651,362</b>	<b>293,449,059</b>
Direct tax paid (net of refunds)	100,103	(12,489)
<b>Net cash flow from operating activities (A)</b>	<b>89,751,465</b>	<b>293,436,570</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress	(54,495,205)	(48,259,187)
Proceeds from sale of fixed assets	—	68,000
Subsidy received	5,251,381	—
Deposits with banks having maturity period of more than 3 months	—	17,151,842
Interest received	321,781	598,981
<b>Net cash used in investing activities (B)</b>	<b>(48,922,043)</b>	<b>(30,440,364)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term borrowings	287,880,788	493,372,271
Repayment of long-term borrowings	(113,142,401)	(427,760,362)
Increase/(decrease) in short-term borrowings	10,121,234	(91,282,319)
Interest and other borrowing cost paid	(208,095,285)	(198,272,176)
<b>Net cash flow used in financing activities (C)</b>	<b>(23,235,664)</b>	<b>(223,942,586)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>17,593,758</b>	<b>39,053,620</b>
Cash and Cash equivalents at the beginning of the year	58,932,229	19,878,609
Cash and Cash equivalents as at the end of year (Refer Note 15)	<b>76,525,987</b>	<b>58,932,229</b>

Note:

The cash flow statement is prepared under the indirect method as set out in the Accounting Standard 3 on "Cash Flow Statements". See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Ganesh Balakrishnan**  
Partner

**T. Sarita Reddy**  
Executive Director

**T.V. Sandeep Kumar Reddy**  
Vice Chairman

Place : Hyderabad  
Date : May 26, 2014

**V.R. Prasad**  
Chief Financial Officer

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Background:

Gayatri Sugars Limited was established in the year 1995. The Company is into manufacture of sugar and allied products. The Company also operates a cogeneration unit for power generation which is used for the captive consumption. The Company's Products includes sugar, distillery products like Rectified Spirit, Impure spirit, Extra neutral Alcohol. The processes of the company yield by-products like Molasses, Bagasse.

### 2. Significant Accounting Policies:

#### 1. Basis of preparation of financial statements :

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with accounting principles generally accepted in India and accounting standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

#### 2. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

#### 3. Fixed Assets

Fixed Assets are stated at cost (net of CENVAT) less depreciation. Cost includes installation and expenditure during construction, including freight, insurance, borrowing costs and incidental expenses relating to acquisition. Fixed assets costing less than ₹5,000 are fully depreciated in the year of purchase. Depreciation is provided on straight line method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Goodwill on Amalgamation is being amortised on Straight Line Basis over a period of ten years.

#### 4. Impairment of Assets :

At each Balance Sheet date, the carrying values of the assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole, to determine the value of impairment.

#### 5. Inventories

Raw materials, Stores and Spares and Consumables are valued at First in First out basis. Cost includes applicable taxes, duties, transport and handling costs.

Finished goods are valued at cost or net realizable value whichever is lower. Cost is average cost and includes all material costs, direct and indirect expenditure and inclusive of excise duty.

Work in process is valued at cost inclusive of factory overheads.

By-products are valued at estimated net realisable value as the cost is not ascertainable.

## **6. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## **7. Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

## **8. Employee Benefits**

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS-15) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

### **i Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Gratuity plan of the entity is an unfunded plan. The Company accounts for the liability for future Gratuity benefits on the basis of an independent actuarial valuation.

### **ii Provident Fund**

In accordance with applicable local laws, eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan to which both the employee and employer contribute monthly at a determined rate (currently up to 12% of an employee's salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the state pension scheme, and are expensed as incurred.

**iii Liability for Compensated absences**

The accrual for unutilized leave is determined for the entire available leave balances standing to the credit of the employees at the year end. The value of such leave balance eligible for carry forward, is determined by actuarial valuation at the year-end recognised in the statement of profit and loss.

**9. Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, sales returns but inclusive of excise duty.

Revenue from sale of power is recognised when the units generated are transmitted to the pooling station, in accordance with the terms and conditions of the power purchase agreement entered into by the Company with the purchasing party.

**10. Other income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

**11. Foreign currency transactions and translations**

**Initial recognition**

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

**Measurement of foreign currency monetary items at the Balance Sheet date**

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

**12. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised till the date the assets are put to use. All other borrowing costs are charged to revenue.

**13. Leases**

Leases, where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognized as an expense in Profit and Loss account on Straight Line basis over the lease term.

#### **14. Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

#### **15. Earnings Per Share**

The basic and diluted earnings per share (“EPS”) are calculated by dividing the profit / (loss) after tax by the weighted average number of Equity Shares outstanding. Diluted earnings per share is computed by dividing net profits for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

#### **16. Provisions and Contingencies**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 3 SHARE CAPITAL

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹10 each	65,000,000	650,000,000	65,000,000	650,000,000
Preference shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
	<u>90,000,000</u>	<u>900,000,000</u>	<u>90,000,000</u>	<u>900,000,000</u>
<b>(b) Issued</b>				
Equity shares of ₹10 each	43,703,643	437,036,430	43,703,643	437,036,430
6% Cumulative redeemable preference shares of ₹ 10 each	9,536,813	95,368,130	9,536,813	95,368,130
6% Cumulative optionally convertible preference shares of ₹ 10 each	6,610,210	66,102,100	6,610,210	66,102,100
	<u>59,850,666</u>	<u>598,506,660</u>	<u>59,850,666</u>	<u>598,506,660</u>
<b>(c) Subscribed and fully paid up</b>				
Equity shares of ₹10 each	43,697,368	436,973,680	43,697,368	436,973,680
6% Cumulative redeemable preference shares of ₹ 10 each	9,536,813	95,368,130	9,536,813	95,368,130
6% Cumulative optionally convertible preference shares of ₹ 10 each	6,610,210	66,102,100	6,610,210	66,102,100
	<u>59,844,391</u>	<u>598,443,910</u>	<u>59,844,391</u>	<u>598,443,910</u>
<b>(d) Subscribed but-not fully paid up</b>				
Equity shares of ₹10 each	6,275	31,375	6,275	31,375
	<u>6,275</u>	<u>31,375</u>	<u>6,275</u>	<u>31,375</u>
		<u>598,475,285</u>		<u>598,475,285</u>

Note :

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹	Number of shares	₹
<b>Equity Shares</b>				
Per last Balance Sheet	43,703,643	437,036,430	43,703,643	437,036,430
Issued during the year	—	—	—	—
<b>Balance at the end of the year</b>	<b>43,703,643</b>	<b>437,036,430</b>	<b>43,703,643</b>	<b>437,036,430</b>
<b>6% Cumulative redeemable preference shares</b>				
Per last Balance Sheet	9,536,813	95,368,130	9,536,813	95,368,130
Issued during the year	—	—	—	—
<b>Balance at the end of the year</b>	<b>9,536,813</b>	<b>95,368,130</b>	<b>9,536,813</b>	<b>95,368,130</b>
<b>6% Cumulative optionally convertible preference shares</b>				
Per last Balance Sheet	6,610,210	66,102,100	6,610,210	66,102,100
Issued during the year	—	—	—	—
<b>Balance at the end of the year</b>	<b>6,610,210</b>	<b>66,102,100</b>	<b>6,610,210</b>	<b>66,102,100</b>

(ii) Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 10 each. Each equity shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Rights, preferences and restrictions attached to preference shares:

- 9,536,813 - 6% Cumulative redeemable preference shares are due for redemption on or after April 1, 2017.
- 6,610,210 - 6% Cumulative optionally convertible preference shares are due for redemption at the end of 5 years from the appointed date (i.e. April 1, 2010) or convertible into equity shares of Rs.10 each at a premium of ₹ 1.75 per share, at the option of the preference shareholders.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 3 Share capital (contd.)**

**iv) Details of shares held by each shareholder, holding more than 5% shares:**

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares</b>				
Mohan Project Contractors Private Limited	7,708,789	18%	7,708,789	18%
Gayatri Fin-Holdings Private Limited	7,169,450	16%	7,169,450	16%
T.V. Sandeep Kumar Reddy	6,763,031	15%	6,763,031	15%
T. Indira Subbarami Reddy	3,793,508	9%	3,793,508	9%
T. Subbarami Reddy	3,255,814	7%	3,255,814	7%
T S R Holdings Private Limited	2,895,478	7%	2,895,478	7%
<b>6% Cumulative redeemable preference shares</b>				
IDBI Bank Limited	—	-	7,084,563	74%
T S R Holdings Private Limited	7,084,563	74%	-	-
IFCI Limited	2,452,250	26%	2,452,250	26%
<b>6% Cumulative optionally convertible preference shares</b>				
Mohan Project Contractors Private Limited	4,900,000	74%	4,900,000	74%
Gayatri Fin-Holdings Private Limited	1,710,210	26%	1,710,210	26%

**v) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash:**

- a) **Equity shares:** Issued 12,829,043 shares pursuant to scheme of amalgamation between Gayatri Sugars Limited and GSR Sugars Private Limited on 29 April, 2011
- b) **6% Cumulative optionally convertible preference shares:** Issued 6,610,210 shares pursuant to scheme of amalgamation between Gayatri Sugars Limited and GSR Sugars Private Limited on 29 April, 2011

**vi) Details of calls unpaid on equity shares**

Particulars	As at 31 March, 2014	As at 31 March, 2013
- Number of shares	6,275	6,275
- Unpaid Amount (₹)	31,375	31,375

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 3 Share capital (contd.)**

**vii) Arrears of fixed cumulative dividends on preference shares :**

- a) Dividend on 6% cumulative redeemable preference shares- ₹. 40,054,615 (31 March, 2013 ₹. 34,332,527).
- b) Dividend on 6% cumulative optionally convertible preference shares - ₹.15,864,504 (31 March, 2013 ₹.11,898,378).

**Note 4 Reserves and surplus**

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	₹		₹	
<b>Securities premium account</b>				
Per last Balance Sheet		<b>21,584,190</b>		21,584,190
<b>Deficit in statement of profit and loss</b>				
Per last Balance Sheet		<b>(377,471,778)</b>		(242,279,655)
Add: Loss for the year		<b>(228,729,923)</b>		(135,192,123)
Closing balance		<b>(606,201,701)</b>		(377,471,778)
<b>Total</b>		<b>(584,617,511)</b>		(355,887,588)

**Note 5 Long-term borrowings**

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Non-current	Current*	Non-current	Current
	₹	₹	₹	₹
<b>Secured</b>				
from Banks	<b>231,801,817</b>	<b>38,888,892</b>	10,318,785	110,030,030
from others	<b>139,412,000</b>	<b>59,748,000</b>	179,244,000	19,916,000
<b>Unsecured</b>				
Loans and advances from related party (Refer Note 27)	<b>517,974,771</b>	—	493,372,271	—
	<b>889,188,588</b>	<b>98,636,892</b>	682,935,056	129,946,030
Vehicle Loans - Secured - from Bank	<b>13,903</b>	<b>225,940</b>	185,150	260,700
	<b>889,202,491</b>	<b>98,862,832</b>	683,120,206	130,206,730

\* Current maturities are included in note 10 - Other Current Liabilities

**NOTE 5 LONG-TERM BORROWINGS (contd.)**

Notes: (i) Particulars of the security, terms of repayment, interest rates, etc. with respect to secured and unsecured long-term borrowings:

**Secured Loans :**

**Term Loans :**

Sl. No.	Loans	Security	Terms of Repayment	Applicable interest rates	Period of Maturity with respect to balance sheet date (Months)	Number of Installments due	Outstanding as on March 31, 2014 ₹	Outstanding as on March 31, 2013 ₹
1	Indian Overseas Bank-Term Loan-I	<b>Security:</b> <b>Primary Security:</b> Exclusive First Charge on the Building and plant and machinery of the distillery unit. Pari-passu second charge on the fixed assets of Sugar Unit. <b>Collateral Security:</b> Extension of the exclusive First charge on the plant & machinery of the distillery unit which is valued at ₹24.93 Crores as per the Statutory Auditor's Certificate dated 18.06.2007 Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. T.V. Sandeep Kumar Reddy.	60 monthly instalments of ₹ 28.18 lakhs and the last instalment being ₹ 28.38 lakhs after an initial holiday period of 24 Months from date of first drawl.	BPLR Less 1% with a minimum of 12.50%-paid monthly	—	—	—	16,927,243
2	Indian Overseas Bank Term Loan-II	Exclusive First charge on the Building and plant and machinery of the distillery unit. Pari-passu second charge on the fixed assets of Sugar Unit Equitable mortgage of 3.25 acres of land of the Company which is valued at ₹5.85 lakhs which is exclusive to IOB Bank. Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. T.V. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	60 monthly instalments of ₹ 13.75 lakhs after initial loan holiday of 6 months	BPLR Less 1% with a minimum of 12.50%	—	—	—	17,484,700
3	Andhra Bank-Harvesting Equipment Term Loan	Hypothecation of two sugar cane harvesters, Four sugar cane iniellers and Four Tractors purchased out of the bank finance. Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. T.V. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	7 Yearly equal instalments from February 2012.	BPLR plus 0.50% plus 0.25% (Term Premia)	48	3 yearly equal instalments	7,412,421	12,904,499
4	Bank of Baroda - Term Loan	First exclusive charge on the fixed assets of the Company's Kamareddy Sugar unit excluding Distillery Unit, situated at Adloor, Yellareddy Village, Sudashinagar Mandal, Nizamabad District, Andhra Pradesh. Personal Guarantee of Sri T.V. Sandeep Kumar Reddy, Smt. T. Indira Subbarami Reddy and Smt. T. Sarita Reddy	36 equal monthly instalments after initial moratorium period of 12 months from the date of first disbursement	3.75% over Base Rate + Tenor Premium 0.10%, i.e. 14.10% p.a. at present with monthly rests for CR-3 rated account	48	36 monthly equal instalments	200,000,000	—
5	Andhra Bank - Excise Duty Term Loan	<b>Primary Security:</b> First pari-passu charge on all chargeable current assets of the company. <b>Collateral Security:</b> Pari Passu First Charge on the Borrower's Building, Plant and Machinery of distillery unit at Kamareddy unit worth Rs. 40 Crores Mortgage of agricultural land admeasuring Ac 0.10 Gts situated at Survey No: 98(A), Tekriyal Village, Kamareddy Mandal, Nizamabad District, Andhra Pradesh, owned by the company (on pari-passu basis with other TL lenders) Mortgage of agricultural land admeasuring Ac 3.00 Gts situated at Survey No: 161(A), Tekriyal Village, Kamareddy Mandal, Nizamabad District, Andhra Pradesh, owned by the company (on pari-passu basis with other TL lenders) Pari Passu First Charge on the Present and Future Immoveable Properties and Fixed Assets of Sugar unit along with working capital lenders. First pari-passu charge on Pledge of shares of M/s Gayatri Sugars Limited belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy.	5 years including moratorium of 2 years from date of first disbursement. The term loan is repayable in 36 equal monthly instalments commencing after moratorium of 2 years	Basic Rate+5.75+0.25(TP) = 16.25% p.a (Floating)	60	36 monthly equal instalments	63,278,288	—

## Nineteenth Annual Report

Sl. No.	Loans	Security	Terms of Repayment	Applicable Interest rates	Period of Maturity with respect to balance sheet date (Months)	Number of Installments due	Outstanding as on March 31, 2014 ₹	Outstanding as on March 31, 2013 ₹
6	Union Bank of India - Term Loan - I	Pari-passu charge on the Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy	20 Quarterly installments commencing from July 2008	BPLR plus 1.0%	—	—	—	18,105,870
7	Union Bank of India - Term Loan - II	Pari-passu charge on the Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy	20 Quarterly installments commencing from July 2008	BPLR plus 1.0%	—	—	—	9,752,935
8	Union Bank of India - Term Loan - III	Pari-passu charge on the Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy	20 Quarterly installments commencing from July 2008	BPLR plus 1.0%	—	—	—	3,858,820
9	Andhra Bank - Term Loan - I	Pari-passu charge on the Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy	20 Quarterly installments commencing from April 2009	BPLR plus 0.25%	—	—	—	40,000,000
10	Andhra Bank - Term Loan - II	Pari-passu charge on the Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy	20 Quarterly installments commencing from July 2008	BPLR plus 0.25%	—	—	—	1,314,748
11	IFCI - Sugar Development Fund - Term Loan	Exclusive charge on the Fixed Assets of the Nizamsagar Unit.	5 yearly installments after moratorium of 8 years from date of disbursement.	4%	55	5 Yearly instalments	199,160,000	199,160,000
12	Union Bank of India - Vehicle Loan	Hypothecation of Vehicle	60 Monthly installments ₹ 17,380 w.e.f April-2010	11.25%	14	15 Monthly Instalments	239,843	445,850
<b>Unsecured Loan</b>								
1	Mohan Project Contractors Private Limited	Unsecured	20 Quarterly installments of ₹ 25,898,740 (Previous year, ₹ 24,682,000) each. Repayment will be mutually decided by the parties after March 31, 2018.	9.50%	108	20 Quarterly instalments	517,974,771	493,372,271

(ii) The Company has defaulted in repayment of loans and interest in respect of the following:

S.No.	Particulars	As at 31 March, 2014		As at 31 March, 2013	
		Period of Default (No. of days upto date of repayment)	Amount ₹	Period of Default (No. of days upto date of repayment)	Amount ₹
	<b>Term Loans</b>				
1	Indian Overseas Bank-I	-	-	103	2,818,000
2	Indian Overseas Bank-I	-	-	75	2,818,000
3	Indian Overseas Bank-I	-	-	44	2,818,000
4	Indian Overseas Bank-II	-	-	103	1,375,000
5	Indian Overseas Bank-II	-	-	75	1,375,000
6	Indian Overseas Bank-II	-	-	44	1,375,000
7	Union Bank of India - I	-	-	Not paid	9,052,942
8	Union Bank of India - II	-	-	Not paid	4,876,471
9	Union Bank of India - III	-	-	Not paid	1,929,412
10	Union Bank of India Vehicle Loan	-	-	62	17,380
11	Union Bank of India Vehicle Loan	-	-	34	17,380
12	Union Bank of India Vehicle Loan	-	-	3	17,380
13	IFCI - Sugar Development Fund Term Loan	Not paid	19,916,000	-	-
	<b>Interest</b>				
1	Indian Overseas Bank-I	-	-	103	262,964
2	Indian Overseas Bank-I	-	-	75	184,805
3	Indian Overseas Bank-I	-	-	44	202,615
4	Indian Overseas Bank-II	-	-	103	238,298
5	Indian Overseas Bank-II	-	-	75	188,223
6	Indian Overseas Bank-II	-	-	44	203,865
7	Union Bank of India - I	-	-	105	237,870
8	Union Bank of India - I	-	-	77	258,280
9	Union Bank of India - I	-	-	46	232,751
10	Union Bank of India - II	-	-	Not paid	399,521
11	Union Bank of India - III	-	-	Not paid	157,933
12	Andhra Bank - I	-	-	Not paid	1,066,448
13	Andhra Bank - II	-	-	Not paid	56,161
14	IFCI - Sugar Development Fund Term Loan	Not paid	6,667,768	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6 Other Long Term Liabilities**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Crop loan	18,631,464	149,765,200
Interest accrued but not due	43,985,441	67,919,555
Interest on crop loan	69,247	624,813
<b>Total</b>	<b>62,686,152</b>	<b>218,309,568</b>

**Note 7 Long-term Provisions**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>Provision for employee benefits (Refer Note 25 b)</b>		
Compensated absences	2,852,747	2,773,974
Gratuity	13,514,031	14,981,710
<b>Total</b>	<b>16,366,778</b>	<b>17,755,684</b>

**Note 8 Short-term borrowings**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>Loans repayable on demand</b>		
From banks		
Secured	604,120,244	593,999,010
<b>Total</b>	<b>604,120,244</b>	<b>593,999,010</b>

**Notes:**

Details of security for the short-term borrowings:

**Loans repayable on demand from banks:**

State Bank of India (Refer Notes (i) to (v) below)	97,480,194	111,072,684
Bank of Baroda (Refer Notes (i) to (v) below)	107,049,790	100,960,050
Andhra Bank (Refer Notes (i) to (v) below)	216,789,131	199,064,528
Punjab National Bank (Refer Notes (i) to (v) below)	34,019,973	35,142,064
Union Bank of India (Refer Notes (i) to (v) below)	148,781,156	147,759,684
<b>Total - from banks</b>	<b>604,120,244</b>	<b>593,999,010</b>

- (i) First charge on all chargeable current assets of the Company (viz.) sugar, molasses, bagasse, stores and spares, extra neutral alcohol, rectified spirit and receivables on pari-passu basis with other members of the consortium lenders.
- (ii) Second charge on the Company's present and future immovable properties and fixed assets of sugar unit at Kamareddy unit on pari-passu basis with the other members of the Consortium and term lender (Indian Overseas Bank).
- (iii) Second charge on the Company's buildings, plant & machinery of distillery unit at Kamareddy unit on pari-passu basis with the other members of the consortium lenders.
- (iv) Pledge of shares of Gayatri Sugars Limited belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy
- (v) Personal guarantee of Shri T.V. Sandeep Kumar Reddy, Smt. T Indira Subbarami Reddy and Smt. T. Sarita Reddy.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 9 Trade Payables**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Trade Payables (Refer note 24.2)		
Other than Acceptances	<u>972,629,094</u>	<u>607,322,118</u>
<b>Total</b>	<b>972,629,094</b>	<b>607,322,118</b>

**Note 10 Other Current Liabilities**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
Current maturities of long-term debt (Refer Note 5)	98,862,832	130,206,730
Interest accrued but not due on borrowings	15,245,529	6,081,400
Interest accrued and due on borrowings	6,667,768	3,689,734
Other payables		
Statutory remittances	57,037,657	43,529,158
Payables on purchase of fixed assets	19,102,044	20,058,183
Advances from customers	24,376,677	51,675,742
Crop loan	273,696,832	162,513,981
Interest on crop loan	23,170,806	10,145,441
<b>Total</b>	<u>518,160,145</u>	<u>427,900,369</u>

**Note 11 Short-term Provisions**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>(a) Provision for employee benefits</b> (Refer Note 25 b)		
Provision for compensated absences	385,089	392,525
Provision for gratuity	681,996	730,068
	<u>1,067,085</u>	<u>1,122,593</u>
<b>(b) Provision - others *</b>		
Provision for preference dividend	1,471,350	5,722,088
Provision for tax on proposed dividend	802,523	802,523
	<u>2,273,873</u>	<u>6,524,611</u>
<b>Total</b>	<u>3,340,958</u>	<u>7,647,204</u>

\* The Company had made the provision towards preference dividend (6% Cumulative redeemable preference shares) of ₹ 5,722,088 and dividend distribution tax thereon of ₹802,523 during the year ended March 31, 2007. In view of the carried forward losses in the books, the Company had not remitted the dividend and tax thereon and is in the process of obtaining consent for not remitting the same. During the year 7,084,563 6% Cumulative redeemable preference shares held by IDBI Bank Limited were bought by TSR Holdings Private limited.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**NOTE 12 FIXED ASSETS**

Description	Costs				Depreciation /Amortisation			Net book value	
	Balance as at 1 April, 2013 ₹	Additions/ Adjustments ₹	Deductions ₹	Balance as at 31 March, 2014 ₹	Balance as at 1 April, 2013 ₹	For the year ₹	On deductions ₹	Balance as at 31 March, 2014 ₹	Balance as at 31 March, 2013 ₹
<b>A. Tangible assets</b>									
Land freehold (Previous year)	33,394,661 (33,340,251)	- (54,410)	-	33,394,661 (33,394,661)	-	-	-	33,394,661 (33,394,661)	33,394,661
Buildings (Previous year)	364,517,668 (364,357,420)	- (160,248)	-	364,517,668 (364,517,668)	104,052,182 (93,649,405)	10,408,129 (10,402,777)	-	250,057,357 (260,465,486)	260,465,486
Plant and equipment (Note (ii) (Previous year)	2,096,621,470 (2,068,046,851)	46,320,087 (28,574,619)	-	2,142,941,557 (2,096,621,470)	857,553,917 (752,323,239)	102,874,940 (105,230,678)	-	1,182,512,700 (1,239,067,553)	1,239,067,553
Furniture and fixtures (Previous year)	2,059,408 (2,059,408)	-	-	2,059,408 (2,059,408)	1,927,886 (1,797,525)	39,161 (130,361)	-	92,361 (131,522)	131,522
Vehicles (Previous year)	9,073,591 (8,806,115)	- (438,676)	- (171,200)	9,073,591 (9,073,591)	6,998,800 (6,243,282)	731,271 (854,920)	-	1,343,520 (2,074,791)	2,074,791
Computers (Previous year)	7,095,775 (6,780,137)	295,336 (315,638)	-	7,391,111 (7,095,775)	6,686,351 (6,273,806)	85,818 (412,545)	-	618,942 (409,424)	409,424
<b>Total</b>	<b>2,512,762,573</b> <b>(2,483,390,182)</b>	<b>46,615,423</b> <b>(29,543,591)</b>	<b>-</b> <b>(171,200)</b>	<b>2,559,377,996</b> <b>(2,512,762,573)</b>	<b>977,219,136</b> <b>(860,287,257)</b>	<b>114,139,319</b> <b>(117,031,281)</b>	<b>-</b> <b>(99,402)</b>	<b>1,468,019,541</b> <b>(1,535,543,437)</b>	<b>1,535,543,437</b>
<b>B. Intangible assets</b>									
Goodwill (Previous year)	121,183,880 (121,183,880)	-	-	121,183,880 (121,183,880)	36,340,874 (24,227,250)	12,113,624 (12,113,624)	-	72,729,382 (84,843,006)	84,843,006
<b>Total</b>	<b>121,183,880</b> <b>(121,183,880)</b>	<b>-</b> <b>-</b>	<b>-</b> <b>-</b>	<b>121,183,880</b> <b>(121,183,880)</b>	<b>36,340,874</b> <b>(24,227,250)</b>	<b>12,113,624</b> <b>(12,113,624)</b>	<b>-</b> <b>-</b>	<b>72,729,382</b> <b>(84,843,006)</b>	<b>84,843,006</b>

Notes:

- (i) Figures in brackets relates to previous year.  
(ii) Addition during the year is net of ₹ 5,251,380, relates to subsidy received from the Government of Andhra Pradesh Department of Agricultural.

**C. Depreciation and amortisation :**

Description	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Depreciation for the year on tangible assets as per Note 12 A	114,139,319	117,031,281
Amortisation for the year on intangible assets as per Note 12 B	12,113,624	12,113,624
<b>Depreciation and amortisation -</b>	<b>126,252,943</b>	<b>129,144,905</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>Note 13 Inventories</b>		
(At lower of cost and net realisable value)		
Finished goods	1,150,781,633	705,282,125
Work-in-process	36,705,254	—
Stores and spares	41,009,774	32,949,024
By-products	94,576,163	59,924,603
<b>Total</b>	<b><u>1,323,072,824</u></b>	<b><u>798,155,752</u></b>
<b>Details of finished goods and by-products</b>		
<b>(i) Finished goods</b>		
Sugar	1,123,560,697	662,462,558
Rectified spirits	27,173,636	42,780,547
Carbondi-oxide- CO2	47,300	39,020
	<b><u>1,150,781,633</u></b>	<b><u>705,282,125</u></b>
<b>(ii) Work-in-process</b>		
Sugar	32,506,890	—
Molasses	4,198,364	—
	<b><u>36,705,254</u></b>	<b><u>—</u></b>
<b>(ii) By- Products</b>		
Molasses	53,841,054	32,545,848
Distillery	21,804,221	17,241,191
Bagasse	18,930,888	10,137,564
	<b><u>94,576,163</u></b>	<b><u>59,924,603</u></b>
<b>Note 14 Trade receivables</b>		
(Unsecured, considered good, unless otherwise stated)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	408,915	223,267
Other trade receivables	46,451,018	28,472,872
<b>Total</b>	<b><u>46,859,933</u></b>	<b><u>28,696,139</u></b>
<b>Note 15 Cash and cash equivalents</b>		
Cash on hand	69,294	152,635
Balances with banks in current accounts	76,456,693	58,779,594
	<b><u>76,525,987</u></b>	<b><u>58,932,229</u></b>

Note: Cash and cash equivalents as above meet the definition of Cash and Cash Equivalents as per Accounting Standard- 3 "Cash Flow Statements"

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>Note 16 Short-term loans and advances</b> (Unsecured, considered good, unless otherwise stated)		
Loans and advances		
Considered good	42,789,206	73,287,179
Considered doubtful	3,645,045	3,645,045
	<u>46,434,251</u>	<u>76,932,224</u>
Less: Provision for doubtful loans and advances	3,645,045	3,645,045
	<u>42,789,206</u>	<u>73,287,179</u>
Security deposits	7,274,013	7,229,266
Loans and advances to employees	1,114,409	1,481,867
Prepaid expenses	3,809,810	3,738,589
Balances with government authorities		
(i) CENVAT credit receivable	6,455,707	5,194,637
(ii) VAT credit receivable	1,575,585	71,875
(iii) Service tax credit receivable	3,481,301	3,476,944
Advance tax and tax deducted at sources	610,845	710,948
<b>Total</b>	<u>67,110,876</u>	<u>95,191,305</u>
<b>Note 17 Other Current Assets</b>		
Cane development incentive (Refer Note 24.4)	—	172,907,156
<b>Total</b>	<u>—</u>	<u>172,907,156</u>

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>Note 18 Revenue from operations</b>		
Sale of products (Refer Note (i) below)	2,027,482,879	1,919,465,990
Other operating revenues (Refer Note (ii) below)	3,693,335	7,142,334
	<u>2,031,176,214</u>	<u>1,926,608,324</u>
Less: Excise duty	60,657,687	57,719,139
<b>Total</b>	<u>1,970,518,527</u>	<u>1,868,889,185</u>
<b>Notes:</b>		
<b>(i) Sale of products comprises</b>		
<i>Manufactured goods</i>		
Sugar	1,726,133,884	1,749,124,139
Rectified spirit	240,988,973	113,029,070
Power	58,294,000	56,776,839
Carbondi-oxide- CO2	2,066,022	535,942
<b>Total</b>	<u>2,027,482,879</u>	<u>1,919,465,990</u>
<b>(ii) Other operating revenues comprise:</b>		
Sale of scrap	3,337,306	5,080,752
Others	356,029	2,061,582
<b>Total</b>	<u>3,693,335</u>	<u>7,142,334</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>Note 19 Other income</b>		
Interest income on fixed deposits with bank	321,781	598,981
Liabilities / provisions no longer required written back	567,920	-
Insurance claims	49,286	66,418
Harvesting machine receipts	987,736	2,277,673
<b>Total</b>	<u>1,926,723</u>	<u>2,943,072</u>
<b>Note 20. (a) Cost of materials consumed</b>		
Opening stock	—	—
Add: Purchase of sugar cane, molasses etc.	2,009,107,819	1,490,338,886
Less: Closing stock	—	—
<b>Total</b>	<u>2,009,107,819</u>	<u>1,490,338,886</u>
<b>Material consumed comprises:</b>		
Sugar cane	1,687,066,378	1,416,287,859
Molasses	16,053,781	5,167,503
Cane development incentive	279,689,087	45,931,520
Others	26,298,573	22,952,004
<b>Total</b>	<u>2,009,107,819</u>	<u>1,490,338,886</u>
<b>Note 20 (b) Changes in inventories of finished goods and work-in-process</b>		
<b>Inventories at the end of the year:</b>		
Finished goods	1,245,357,796	765,206,728
Work-in-process	36,705,254	-
	<u>1,282,063,050</u>	<u>765,206,728</u>
<b>Inventories at the beginning of the year:</b>		
Finished goods	765,206,728	606,910,509
Work-in-process	-	-
	<u>765,206,728</u>	<u>606,910,509</u>
<b>Net increase</b>	<u>(516,856,322)</u>	<u>(158,296,219)</u>
<b>Note 21 Employee benefits expense</b>		
Salaries and wages	103,794,698	87,138,585
Contributions to provident and other funds (Refer Note 25 a)	6,259,677	5,503,405
Gratuity (Refer Note 25 b)	(478,876)	3,137,664
Staff welfare expenses	3,836,640	3,200,226
<b>Total</b>	<u>113,412,139</u>	<u>98,979,880</u>
<b>Note 22 Finance costs</b>		
Interest expense on:		
Borrowings	188,055,844	210,900,897
Others (crop loans)	20,591,539	11,309,210
Other borrowing costs	8,247,490	12,322,967
<b>Total</b>	<u>216,894,873</u>	<u>234,533,074</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 23 Other expenses**

Particulars	For the year ended	For the year ended
	31 March, 2014	31 March, 2013
	₹	₹
Consumption of stores and spare parts	152,032,107	126,087,233
Distillery expenses	4,391,679	8,809,734
Handling charges	13,461,155	11,258,413
Increase of excise duty on inventory	12,762,794	3,701,080
Custom duty	—	2,626,862
Power and fuel	18,345,524	14,597,481
Rent	1,253,456	1,169,290
<b>Repairs and maintenance</b>		
- Buildings	1,984,283	2,375,891
- Machinery	18,326,161	11,953,220
- Others	2,048,521	1,205,740
Insurance	2,039,576	4,971,295
Rates and taxes	4,105,830	3,368,685
Communication	1,242,416	948,555
Travelling and conveyance	6,075,747	5,818,493
Printing and stationery	297,481	364,996
Legal and professional	2,329,621	1,283,916
Payments to auditors (Refer Note below)	1,520,753	1,500,000
Loss on fixed assets sold	—	3,798
Miscellaneous expenses	10,146,617	10,279,172
<b>Total</b>	<b>252,363,721</b>	<b>212,323,854</b>
Note : Payment to the auditors comprise (net of service tax input credit)		
Audit fees	900,000	900,000
Limited reviews	600,000	600,000
Reimbursement of expenses	20,753	—
<b>Total</b>	<b>1,520,753</b>	<b>1,500,000</b>

**Note 24 Additional information to the financial statements**

**24.1 Contingent liabilities and commitments**

Particulars	As at	As at
	31 March, 2014	31 March, 2013
	₹	₹
<b>(i) Contingent liabilities</b>		
(a) Claims against the company not acknowledged as debt	2,494,497	2,494,497
(b) Dividend on 6% cumulative redeemable preference shares	40,054,615	39,902,121
(c) Dividend on 6% cumulative optionally convertible preference shares	15,864,504	13,828,890
(d) Central excise demand	13,881,669	5,853,521
(e) VAT demand	2,214,159	—
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (Net of capital advances ₹ Nil)		
Tangible assets	—	898,880
Other commitments	1,820,000,000	1,690,000,000

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>24.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,555,572	2,584,944
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	20,867	8,595
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	—	—
(iv) The amount of interest due and payable for the year	—	—
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	—	—
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	—	—

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>24.3 Details of consumption of imported and indigenous items</b>		
<b>Raw Materials</b>		
Imported	—	—
Indigeneous	2,009,107,819	1,490,338,886
	<u>2,009,107,819</u>	<u>1,490,338,886</u>
<b>% Consumption</b>		
Imported	—	—
Indigeneous	100.00	100.00
<b>Spare parts &amp; consumables</b>		
Imported	—	601,481
Indigeneous	152,032,107	125,485,752
<b>% Consumption</b>		
Imported	—	0.48
Indigeneous	100.00	99.52

**24.4** The cane development incentive is paid by the company to encourage farmers to harvest the sugar crop and supply the canes to the company without any disruption. Such incentives are determined based on contractual terms agreed with the farmers against supplies.

**Note 25 Disclosures under Accounting Standards**

**25. Employee benefit plans**

**25a Defined contribution plans**

The Company makes provident fund to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 6,249,677 (year ended 31 March, 2013 ₹ 5,487,456) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**25b Defined benefit plans**

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity (Unfunded)
- ii. Compensated Absences

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Year ended 31 March, 2014		Year ended 31 March, 2013	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	₹	₹	₹	₹
<b>Components of employer expense</b>				
Current service cost	915,237	21,258	1,152,817	104,594
Interest cost	1,256,942	253,320	1,037,150	225,241
Actuarial losses/(gains)	(2,651,055)	1,868,710	947,697	2,316,920
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(478,876)</b>	<b>2,143,288</b>	<b>3,137,664</b>	<b>2,646,755</b>

Particulars	Year ended 31 March, 2014		Year ended 31 March, 2013	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	₹	₹	₹	₹
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	15,711,778	3,166,499	12,964,379	2,815,511
Current service cost	915,237	21,258	1,152,817	104,594
Interest cost	1,256,942	253,320	1,037,150	225,241
Actuarial (gains) / losses	(2,651,055)	1,868,710	947,697	2,316,920
Benefits paid	(1,036,875)	(2,071,951)	(390,265)	(2,295,767)
Present value of DBO at the end of the year	<b>14,196,027</b>	<b>3,237,836</b>	<b>15,711,778</b>	<b>3,166,499</b>
<b>Actuarial assumptions</b>				
Discount rate	8%	8%	8%	8%
Salary escalation	4%	4%	4%	4%
Attrition	5%	5%	5%	5%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**Experience adjustments**

	₹					
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Gratuity</b>						
Present value of DBO	14,196,027	15,711,778	12,964,379	10,226,953	5,240,486	4,804,463
<b>Compensated Absences</b>						
Present value of DBO	3,237,836	3,166,499	2,815,511	2,421,055	1,137,948	1,280,108

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 26 SEGMENT INFORMATION**

There are two reportable Segments in the company namely Sugar and Distillery under Accounting Standard – 17 on ‘Segment Reporting’ notified by the Companies (Accounting Standard) Rules, 2006. The segment results are given below:

Particulars	For the year ended 31 March, 2014				For the year ended 31 March, 2013			
	Business segments		Total ₹	Eliminations ₹	Business segments		Total ₹	Eliminations ₹
	Sugar ₹	Distillery ₹			Sugar ₹	Distillery ₹		
Revenue	*1,728,654,007	241,864,520	1,970,518,527	—	112,612,290	—	1,868,889,185	
Inter-segment revenue	149,193,123	—	—	149,193,123	—	76,620,000	—	
<b>Total</b>	<b>1,877,847,130</b>	<b>241,864,520</b>	<b>1,970,518,527</b>	<b>149,193,123</b>	<b>112,612,290</b>	<b>76,620,000</b>	<b>1,868,889,185</b>	
Segment result	(121,836,626)	108,074,853	(13,761,773)	73,461,137	22,936,742	—	96,397,879	
Interest Expense	214,984,027	1,910,846	216,894,873	—	8,337,459	—	234,533,074	
<b>Operating income</b>	<b>(336,820,653)</b>	<b>106,164,007</b>	<b>(230,656,646)</b>	<b>(152,734,478)</b>	<b>14,599,283</b>	<b>(138,135,195)</b>	<b>(138,135,195)</b>	
Other income (net)	—	—	1,926,723	—	—	—	2,943,072	
<b>Loss before taxes</b>	<b>—</b>	<b>—</b>	<b>(228,729,923)</b>	<b>(228,729,923)</b>	<b>(135,192,123)</b>	<b>(135,192,123)</b>	<b>(135,192,123)</b>	
Tax expense	—	—	—	—	—	—	—	
<b>Loss for the year</b>	<b>—</b>	<b>—</b>	<b>(228,729,923)</b>	<b>(228,729,923)</b>	<b>(135,192,123)</b>	<b>(135,192,123)</b>	<b>(135,192,123)</b>	
Segment assets	2,675,996,087	403,756,704	3,079,752,791	—	391,733,003	—	2,797,930,908	
Unallocable assets	—	—	610,845	—	—	—	710,948	
<b>Total assets</b>	<b>3,080,363,636</b>	<b>3,080,363,636</b>	<b>3,080,363,636</b>	<b>3,080,363,636</b>	<b>2,798,641,856</b>	<b>2,798,641,856</b>	<b>2,798,641,856</b>	
Segment liabilities	3,043,553,900	20,678,089	3,064,231,989	—	58,432,977	—	2,549,529,548	
Unallocable liabilities	—	—	2,273,873	—	—	—	6,524,611	
<b>Total liabilities</b>	<b>3,066,505,862</b>	<b>3,066,505,862</b>	<b>3,066,505,862</b>	<b>3,066,505,862</b>	<b>2,556,054,159</b>	<b>2,556,054,159</b>	<b>2,556,054,159</b>	
Net Assets	—	—	13,857,774	—	—	—	242,587,697	
Other information	—	—	—	—	—	—	—	
Capital expenditure- Tangible	46,615,423	—	46,615,423	—	—	—	29,543,591	
Depreciation and amortisation	92,444,518	21,694,801	114,139,319	96,489,766	20,541,515	—	117,031,281	
Unallocated amortisation	—	—	12,113,624	—	—	—	12,113,624	
Total Depreciation and amortisation	92,444,518	21,694,801	126,252,943	96,489,766	20,541,515	—	129,144,905	

\* Includes sale of power ₹ 58,294,000 (31.03.2013 ₹ 56,776,839), as the Product has not satisfied the condition of 10% of total revenue as stated in AS-17, the same has been included in Revenue of Sugar Segment.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 27 Disclosures under Accounting Standards**

**27 Related party disclosures**

**(i) Names of the related parties and their relationship:**

Description of relationship	Names of related parties
Promoter / Shareholder	Dr. T Subbarami Reddy
Key Management Personnel	Smt. T. Indira Subbarami Reddy - Director Sri. T.V. Sandeep Kumar Reddy -Vice Chairman Smt. T. Sarita Reddy- Executive Director
Company Under Common Management	Gayatri Fin Holdings Limited TSR Holdings Private Limited Deep Corporation Private Limited Gayatri Tissue and Papers Limited
Major Shareholder	Mohan Project Contractors Private Limited
Trust under Common Management	TSR Foundation

Note: Related parties have been identified by the Management.

**(ii) Related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:**

	Company Under Common Management	Key Management Personnel	Trust under common management	Major Shareholder	Total
Remuneration to Executive Director (Smt. T Sarita Reddy)	—	3,699,000	—	—	3,699,000
	—	(3,699,000)	—	—	(3,699,000)
<b>Rent paid</b>					
Deep Corporation Private Limited	1,065,011	—	—	—	1,065,011
	(1,030,656)	—	—	—	(1,030,656)
<b>Unsecured Loan</b>					
Mohan Project Contractors Private Limited	—	—	—	24,602,500	24,602,500
	—	—	—	(412,435,273)	(412,435,273)
<b>Contribution towards donations</b>					
TSR Foundation	—	—	600,000	—	600,000
	—	—	(600,000)	—	(600,000)
<b>Interest Expense</b>					
Mohan Project Contractors Private Limited	—	—	—	48,332,988	48,332,988
	—	—	—	(20,116,061)	(20,116,061)
<b>Balances outstanding at the end of the year</b>					
<b>Unsecured Loan</b>					
Mohan Project Contractors Private Limited	—	—	—	517,974,771	517,974,771
	—	—	—	(493,372,271)	(493,372,271)
<b>Interest accrued but not due</b>					
Mohan Project Contractors Private Limited	—	—	—	1,932,308	1,932,308
	—	—	—	(18,104,455)	(18,104,455)
<b>Trade payables</b>					
Deep Corporation Private Limited	—	—	—	—	—
	—	—	—	—	—
Guarantees given against working capital loans, term loans	—	1,254,200,000	—	—	1,254,200,000
Smt. T Indira Subbarami Reddy - Director Sri. T.V. Sandeep Kumar Reddy -Vice Chairman Smt. T Sarita Reddy- Executive Director	—	(182,901,748)	—	—	(182,901,748)

Note: Figures in bracket relates to the previous year

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note	Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>28</b>	<b>Earnings per share</b>		
	Net loss for the year (₹)	(228,729,923)	(135,192,123)
	Less: Preference dividend and tax thereon (₹)	11,334,726	11,259,884
	Net loss for the year attributable to the equity shareholders (₹)	<u>(240,064,649)</u>	<u>(146,452,007)</u>
	Weighted average number of equity shares	43,700,506	43,700,506
	Par value per share (₹)	10	10
	<b>Earnings per share - Basic / Diluted (₹)</b>	<b>(5.49)</b>	<b>(3.35)</b>

Note : Potential Equity Shares on account of conversion of 6% Cumulative Optionally Convertible Preference Shares has been ignored in calculating Diluted EPS since it is anti-dilutive in nature as on 31 March, 2014 and 31 March, 2013 respectively.

Note	Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>29</b>	<b>Deferred tax (liability) / asset</b>		
	<b>Tax effect of items constituting deferred tax liability</b>		
	On difference between book balance and tax balance of fixed assets	209,734,834	207,226,258
	<b>Tax effect of items constituting deferred tax liability</b>	209,734,834	207,226,258
	<b>Tax effect of items constituting deferred tax assets</b>		
	Provision for compensated absences, gratuity and other employee benefits	5,387,064	5,833,388
	Provision for doubtful advances	1,126,319	1,126,319
	<b>Unabsorbed depreciation carried forward</b>	<u>203,221,451</u>	<u>200,266,551</u>
	<b>Tax effect of items constituting deferred tax assets</b>	<u>209,734,834</u>	<u>207,226,258</u>
	<b>Net deferred tax (liability) / asset</b>	—	—

Note : The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

**Note 30** There are no derivative contracts taken during the year and outstanding as at the year-end. Further, there are no foreign currency exposures as at the year-end.

**Note 31** As at March 31, 2014, the accumulated losses amounted to ₹ 606,201,701 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 March 31, 2014 the promoters have arranged an unsecured loan of ₹ 517,974,771. 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.

**Note 32** 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 ₹84,000,000 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 ₹ 8,400,000 till 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 ₹ 75,600,000. Subsequently, the bankers have agreed for extension of time for payment of the balance ROR claim upto March 2015 or earning of profit

## ***Nineteenth Annual Report***

whichever is earlier, to their authorities at the earliest. As the net worth of the Company is substantially 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.

**Note 33** During the year ended March 31, 2014, 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.

**Note 34** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

### **For and on behalf of the Board of Directors**

**T. Sarita Reddy**  
Executive Director

**T.V. Sandeep Kumar Reddy**  
Vice Chairman

Place : Hyderabad  
Date : May 26, 2014

**V.R. Prasad**  
Chief Financial Officer

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN:** L15421TG1995PLC020720

**Name of the company:** Gayatri Sugars Limited

**Registered office:** B2, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082.

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

Name of the member (s): Registered address:	Email Id: Folio No./ Client Id No.: DP Id No.:	
1. Name: Address: E-Mail Id: Signature: or failing him	1. Name: Address: E-Mail Id: Signature: or failing him	1. Name: Address: E-Mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual general meeting of the company, to be held on the 30th day of September At 11.30 A.M. at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution	For	Against
1. Adoption of Financial Statements for the Year ended 31.03.2014		
2. Re-Appointment of T. Indira Subbarami Reddy who retires by rotation.		
3. To Appoint Auditors and fix their Remuneration.		
4. Appointment of Mr.T.R. Rajagopalan as Independent Director.		
5. Appointment of Mr.S. Venkata Swamy as Independent Director.		
6. Appointment of Mr. J N Karamchetti as Independent Director.		
7. Increase in Authorised Share Capital of the Company.		
8. Issue and Offer of Cumulative Redeemable Preference Shares on a Private Placement basis.		
9. Increasing the Borrowing Powers of the Company and Creation of Security on the Properties of the Company.		
10. Ordinary Resolution for ratification of remuneration payable to M/s. Narasimha Murthy & Co., appointed as Cost Auditors of the Company for the F.Y 2014-15.		

Signed this..... day of..... 20....

Signature of shareholder:

Signature of Proxy holder(s):

Affix Re. 1/- revenue stamp
--------------------------------------

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**GAYATRI SUGARS LIMITED**

B2, 2nd Floor, 6-3-1090, TSR Towers, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082. Andhra Pradesh

**CIN:** L15421TG1995PLC020720

**ATTENDANCE SLIP**  
**19th Annual General Meeting**

(To be handed over at the entrance of the Meeting Hall)

Name of the Member :

Members Folio No :

No of shares held :

Name of Proxy :  
(in case of Proxies only)

I hereby record my presence at the 19<sup>th</sup> Annual General Meeting of the Company on Tuesday,  
the 30<sup>th</sup> September, 2014 at 11.30 a.m.

.....  
\*Member/Proxy Signature

\*to be signed at the time of handing over the slip.

**PRINTED MATTER**

*If undelivered, please return to :*

**GAYATRI SUGARS LIMITED**

CIN: L15421TG1995PLC020720

B2, 2nd Floor, 6-3-1090, TSR Towers

Rajbhavan Road, Somajiguda,

Hyderabad - 500 082.