



**GAYATRI**

**GAYATRI SUGARS LIMITED**

**EIGHTEENTH ANNUAL REPORT  
2012-13**



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

Day : Monday

Date : 30th September, 2013

TIME : 10.00 A.M.

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

## **EIGHTEENTH ANNUAL REPORT 2012-13**

### **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. Shankar 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  
State Bank of India  
Bank of Baroda  
Punjab National Bank

### **REGISTERED OFFICE**

B2, 2nd Floor, 6-3-1090, TSR Towers  
Rajbhavan Road, Somajiguda,  
Hyderabad - 500 082.  
Phone Nos: 23414823/26  
Fax No:23414827  
**Email:** gayatrisugars@sify.com

### **FACTORIES**

#### **Kamareddy Unit**

Adloor Yellareddy Village  
Sadasivanagar Mandal  
Nizamabad District  
Andhra Pradesh  
Phone No: (08468) 248558  
Fax No: (08468) 248559

#### **Nizamsagar Unit**

Maagi Village  
Nizamsagar Mandal  
Nizamabad District  
Andhra Pradesh  
Phone No: (08465) 275577  
Fax No: (08465) 275800

## **NOTICE**

NOTICE is hereby given that the Eighteenth 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 Monday, the 30th day of September, 2013 at 10.00 a.m to transact the following businesses.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit and Loss Account 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 Shri T.V. Sandeep Kumar Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Venkataswamy, who retires by rotation, and being eligible, offers himself for re-appointment.

### **4. 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** M/s. Delloitte Haskins & Sells, Chartered Accountants, Secunderabad be and are hereby appointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed to between the Board of Directors and the Auditors."

### **SPECIAL BUSINESS:**

5. Considering the re-appointment of Smt. T Sarita Reddy as the Executive Director w.e.f. 1st May 2013.

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

**"RESOLVED THAT** subject to the provisions of sections 198, 269 and 310 read with Scheduled XIII and other applicable provisions if any of the Companies Act, 1956 based on the recommendations made by the Remuneration Committee and Board of Directors and subject to the approval of the Central Government, consent of the members be and is hereby accorded for reappointment of Smt. T. Sarita Reddy as Executive Director of the company for a period of 3 years and that the said Executive Director shall have, subject to the supervision, control and directions of the Board, the management of all the affairs of the company and shall exercise all powers and perform all duties in relation to the management and transactions of the company and also such of their powers and duties the Board may from time to time delegate to the Executive Director subject to such limitations and conditions as they deem fit."

**"FURTHER RESOLVED THAT** Smt. T Sarita Reddy is not subject to retirement by rotation during the tenure of her office as Executive Director and her appointment is on such salary and perquisites as set out hereunder:

**i. Period of Appointment**

The re appointment is for a period of 3 years commencing from 1st May 2013.

**ii. Salary**

The monthly remuneration payable shall be Rs.2,25,000/- (Rupees Two Lakhs and Twenty Five Thousands only) per month.

**iii. Perquisites**

**Housing:**

If required, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc., the monetary value of which may be evaluated as per Rule 3 of the Income Tax Rules, 1962. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case where the Company does not provide accommodation, House Rent Allowance shall be paid at the rate of 25% of the Salary.

**Medical Reimbursement :**

Expenses incurred for herself and her family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.

**Leave Travel Concession:**

One month salary per year for herself and her family.

**Club Fees:**

Subject to a maximum of two clubs. This will not include admission and Life membership Fees.

**Personal Accident Insurance:**

Premium not to exceed Rs.10,000/- per annum.

**Provident Fund:**

Company's contribution towards Provident Fund at 12% of her salary or at any rate applicable from time to time.

**Gratuity:**

Gratuity not exceeding half a month's salary for each completed year of service.

**Leave:**

Entitled to one month's leave, as per the rules of the Company on full pay, for every 11 months of service.

Encashment of leave at the end of the tenure will not be included in computation of the ceiling on perquisites.

**Telephone:**

Free telephone facility at the residence for the use of the Company's business.

**Car:**

Use of Company's Car on Company's business with Driver and all expenses on maintenance, repairs and cost of petrol.

(Provision of Car for use of Company's business and telephone at residence will not be

considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director)

Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

**"RESOLVED FURTHER** that in the event of loss or inadequacy of profit in any financial year of the Company during the term of her office as Executive Director, the remuneration and perquisites set out above be paid or granted to Smt. T Sarita Reddy as minimum remuneration stipulated in Section II of part II of Scheduled XIII of the said Act or such other amount and perquisites as may be provided in the said Scheduled XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

**"RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to alter, vary such salary, commission and perquisites as may be permitted by any applicable law from time to time during the said period of office and as may be agreed to by the Board of Directors of the Company and Smt. T. Sarita Reddy."

**"RESOLVED FURTHER** that Smt. T. Sarita Reddy, Executive Director be and is hereby further authorised to make an application to Central Government for approval of the above said terms and conditions of appointment."

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

**"RESOLVED THAT** in pursuance to the provision of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and other applicable Acts, the Company hereby considers and take note of the erosion of more than 50% of the Net Worth of the Company as at the end of the financial year ended as at 31st March, 2013 in relation to its peak Net Worth during the immediately preceding four financial years."

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

Place: Hyderabad  
Date: August 12, 2013

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

**NOTES:**

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No.6 if any 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 Friday 27th September, 2013 to Monday, 30th September, 2013 (both days inclusive).
4. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
5. 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.
6. 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.
7. 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.

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

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

Place: Hyderabad  
Date: August 12, 2013

**ANNEXURE TO NOTICE**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

**ITEM NO. 5:**

The Remuneration Committee and Board of Directors at their respective meetings held on 27.05.2013 approved the appointment of Smt. T. Sarita Reddy as Executive Director of the company w.e.f 01.5.2013.

Persuant to the subparagraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 the above appointment requires the approval of members by way of Special Resolution.

As there is default in repayment of debts during the Financial Year 31.03.2013 for continuous period of 30 days and the remuneration proposed to be paid to the said appointee is in excess of the Limits specified in subparagraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 as such approval of the Central Government is required. Company proposes to seek approval of the Central Government.

The Board of Directors recommends the Resolution for your approval.

None of the directors are interested in the said Resolution except Smt. T. Indira Subbarami Reddy, Shri. T.V. Sandeep Kumar Reddy and Smt. T. Sarita Reddy.

**I. GENERAL INFORMATION**

Nature of Industry	Sugar and Seasonal			
Date of commencement of commercial Production	November, 1997			
Financial Performance	<b>Rs in Lakhs</b>			
	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
	Gross Revenue	192,95.51	226,29.10	116,30.17
	Total Expenditure	206,47.43	241,04.07	125,78.00
	Operating Profit/(Loss)	(13,51.92)	(14,74.97)	(9,47.83)
Export Performance	No exports during the year 2012-13, 2011-12 & 2010-11			

**II. INFORMATION ABOUT THE APPOINTEE:**

Name of the Director	T. Sarita Reddy.
Date of Birth	14.09.1971
Date of Appointment	Reappointment as Executive Director of the Company w.e.f 01.05.2013
Experience	14 Years experience in the Management, Execution of Projects and running of the Companies.
Qualification	Master Degree in Business Administration
Past Remuneration	Up to Rs.4,00,000/- p.m as per the eligibility under Schedule XIII of the Companies Act, 1956.
Job Profile	Managing overall affairs of the company as Executive Director
Remuneration Proposed	Upto Rs.4,00,000/- p.m in excess of eligibility under Schedule XIII of the Companies Act, 1956.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	In the same sugar industry other companies are paying higher remuneration package. Further the present remuneration package approved for the Executive Director of the company is much lower as compared to remuneration paid in similar industry. In view of the contribution and time devoted by her, it is essential that she be remunerated suitably.

**III. OTHER INFORMATION :**

<b>Reasons for inadequacy of profits :</b>	<p>The company is incurring losses from 2010-11 onwards due various reasons which were beyond the control of the company as under:</p> <ul style="list-style-type: none"> <li>◆ high cost of sugar cane</li> <li>◆ lower sales realization of sugar</li> <li>◆ lower sugar cane availability in the own zone area</li> <li>◆ changes in government policies in sugar industry</li> <li>◆ high interest burden</li> </ul>
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**Steps taken or proposed to be taken for improvement:**

**Internal Methods:**

1. **Drip Irrigation** - The Company encouraged the Drip Irrigation System by giving 1 MT of Seed Cane as subsidy who ever plants Sugarcane under Wider Spacing. Wider spacing ensures much higher yield.
2. **Labour** is a big Challenge, company has procured 2 harvesting machines to ensure timely crop harvesting.
3. **Modification of Plant & Equipment:**
  - a. **Evaporator and Installation of new Spray Dryer :**

The Company's Distillery plant is having installed capacity of 45 KLPD and permission to run the Distillery for 270 Days in a year. The Company could not operate 270 days in a year because of the large qty of spent wash which is generated. The Company modified the Evaporator and installed Dryer to operate the Distillery unit for 270 days in a year.
  - b. **Installation of Steam Saving Equipment:**

The Company is implementing the installation of Steam Saving Equipments to bring down the steam % Cane from present 49% to 35%. This will result saving in consumption of baggase and there by generation of more power.
  - c. **Installation of Chopper:**

The company is installing the chopper in order to achieve optimum utilisation of the plant.

These steps will enable the company to achieve better performance and improve the profitability during the Financial Year 2013-14.

**External Methods:**

- i) The Company arranged Crop loans and Harvesting advances to the cane growers from banks by providing Corporate Guarantee to the banks.
  - ii) Supplying of Fertilizer, Seed, and pesticides to the cane growers with a view to encourage the farmers so that the availability of more cane in own Zone Area.
  - iii) This has resulted that the expected availability of cane for the Current Year 2013-14 will be around 7.00 lakh Tones compared to the previous year of 5.83 lakh Tones.
- The Company expects better cash profits during the year 2014-15.

<b>Expected increase in productivity and profits :</b>	<p><b>Increase in Productivity :</b></p> <ol style="list-style-type: none"> <li>1. Cane Crushing: The crushing of Cane is expected to be 7 lakh Tonnes as compared to the previous Year 5.83 lakh Tonnes.</li> <li>2. The Production is expecting during the current Financial Year 2013-14 compared to the previous Year 2012-13 is as under:             <ol style="list-style-type: none"> <li>a. Sugar : 7.35 lakh Quintals against 6.21 lakh Quintals of previous Year.</li> <li>b. RS/ENA: 67.50 lakh Liters against 52.63 lakh Litres of previous Year.</li> <li>c. Power: 250.00 lakh KWH against 212.49 lakh KWH against previous Year.</li> </ol> </li> </ol> <p><b>Increase in Profitability:</b></p> <ol style="list-style-type: none"> <li>1. Gross Revenue: Rs. 22500.00 lakhs against Rs 19295.51 lakhs of Previous Year.</li> <li>2. Operating Profit : Rs. 650.00 lakhs against Loss of Rs 1351.92 lakhs.</li> </ol>
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**IV. DISCLOSURES :**

The shareholders of the company shall be informed of the remuneration package to the Managing Personnel in the Annual Report of the Company.

The management of the company would like to approach the Central Government to approve the payment of remuneration to Smt. T. Sarita Reddy w.e.f 01.05.2013 to 30.04.2016.

**ITEM NO. 6:**

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("the Act"), the board of directors of the company has reported to the Board for Industrial and Financial Reconstruction (BIFR) with regard to erosion of fifty percent or more of its peak Net Worth during the immediately preceding four financial years.

Board of Directors of the company have formed this opinion based on the audited financial statements approved by the Board of Directors on 27<sup>th</sup> May, 2013.

The accumulated losses of the Company as at 31<sup>st</sup> March, 2013 were Rs. 3774.72 lakhs. This constitutes more than fifty percent of peak net worth during the four financial years preceding 31<sup>st</sup> March, 2013 mainly on account of the factors explained in the enclosed Report of the Board of Directors.

The Report has to be sent to the members by giving 21 clear days notice from the date of filing of the Report with BIFR by the company. Your directors request the members to approve the same by way of ordinary resolution.

None of the Directors of the Company is concerned or interested in the said Resolution.

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

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

Place: Hyderabad  
Date: August 12, 2013

**REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY UNDER SECTION 23(1)(B) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.**

**To  
The Members  
Gayatri Sugars Limited**

As required Under Section 23(1)(b) of the Sick Industrial Companies (Special Provisions), Act, 1985 ("the Act"), the following report, as to the erosion more than 50% of its peak net worth of the Company and the causes thereof, is being reported to the Members of the Company as under:

As per the audited financial accounts of the Company for the year ended 31st March, 2013 as approved by the Board of Directors of the company on 27th May, 2013 the Company's accumulated losses stood at Rs. Rs. 3774.72 lakhs, which are more than 50% of its peak net worth during the preceding four financial years.

**Causes of erosion of more than 50% Peak Net Worth**

**Government Policies:**

1. The Sugar Industry faced a number of problems due to Government Regulations relating to sugar releases and levy sugar quota till the Financial Year 2012-13.
2. Import Policy : Even though there is surplus production in India , the Government of India is allowing Import of Raw and Refined sugar at a nominal import duty where by the average wholesale sugar price per quintal never crossed Rs.2950/- which is below the cost of Production.
3. Only specific to Andhra Pradesh, the Government of Andhra Pradesh imposed VAT on sugar and no other state in India has imposed VAT. Because of this, the local price of Sugar is effected.

The performance of the Company was adversely effected mainly on account of the following reasons:

- a) Substantial reduction in margins due to higher sugar cane prices compared to the Sugar Price.
- b) Due to non availability of raw material in the Factory own zone Area, the plants are working below capacity to an extent of 30% to 35%.
- c) Higher Interest rate causing huge Interest burden on the Company.

**Steps taken for revival**

The Company is taking various steps for improvement of availability of cane, providing Drip Irrigation System, Modernisation of Plant & Machinery , Replacing the high cost Loans with low cost Loans etc., in consultation with various stakeholders including Banks, Financial Institutions, Drip irrigation system suppliers, Cane growers etc.

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

Place: Hyderabad  
Date: August 12, 2013

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

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Eighteenth Annual Report of your company along with the Audited Accounts for the year ended 31st March 2013.

### FINANCIAL RESULTS

(Rs in lakhs )

Description	2012-13	2011-12
Revenue (Net of Excise Duty & Sales Tax)	<b>18688.89</b>	21891.44
(Increase)/Decrease in stocks	<b>(1582.96)</b>	3581.65
Profit/(Loss) before depreciation and interest	<b>2284.90</b>	2180.83
Finance Charges (Interest)	<b>2345.33</b>	2395.91
Depreciation	<b>1291.45</b>	1259.89
Profit/(Loss) before tax	<b>(1351.88)</b>	(1474.97)
Provision for tax	—	—
Profit/(Loss) after tax	<b>(1351.88)</b>	(1474.97)

### REVIEW OF OPERATIONS

#### Performance during the financial year 2012-13

Your Directors are pleased to report that during the year under review, the company's crushing operations for the season 2012-13 has commenced on 18th November 2012 and closed on 04th March 2013 for the Kamreddy Unit and has commenced on 09th November 2012 and closed on 11th March 2013 for the Nizamsagar Unit. During the year, company has crushed 3.10 Lakh Tonnes of sugar cane and produced sugar of 3.36 Lakhs quintals with an average recovery of 10.83% at Kamareddy Unit and has crushed 2.73 Lakh Tonnes of sugar cane and produced sugar of 2.85 lakh quintals with an average recovery of 10.48% at Nizamsagar Unit.

During the year, the Distillery Unit has produced 52.63 Lakh Litres of Rectified Spirit (RS)/Extra Neutral Alcohol (ENA). Company has sold 44.47 Lakh Litres of RS/ENA with an average realization of Rs.25.22 per litre.

During the year, the Co-Gen power plants exported 212.49 lakh KWH (Kammareddy Unit 74.26 lakh KWH and Nizamsagar Unit 138.23 lakh KWH) as compared to the previous year of 204.05 lakh KWH (Kammareddy Unit 67.98 lakh KWH and Nizamsagar Unit 136.07 lakh KWH).

#### Prospects for the financial year 2013-14

The Company is estimating to crush around 7.00 lakhs tonnes quantity of Sugar Cane during the Current Financial year 2013-14, compared to the previous year crushing of 5.62 lakh Tonnes. The production of Rectified Spirit is expecting 75 lakh liters during the Current Financial year 2013-14, compared to the previous year production of 52.63 lakh liters.

#### SICKNESS OF THE COMPANY:

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("the Act"), the net worth of the company eroded fifty percent or more of its peak net worth during the immediately preceding four financial years. Boards of Directors of the company have formed this opinion based on the audited financial statements as approved by the Board of Directors on 27th May, 2013. Same will be reported to the Board for Industrial and Financial Reconstruction (BIFR).

The factor leading to such sickness and the steps proposed to be taken will be forwarded to the members along with the notice of Annual General Meeting.

### **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 2013-14 has been paid to the Bombay Stock Exchange Ltd. at Mumbai.

### **DIRECTORS**

Sri.T. V.Sandeep Kumar Reddy and Sri. S.Venkata Swamy 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**

No employee in the company is drawing the 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.

### **AUDITORS**

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 signified their willingness to accept reappointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

### **COST AUDIT**

The Central Government pursuant to Section 233 B of the Companies Act, 1956 has ordered that the company carries out an audit of cost accounts relating to sugar, electricity and distillery divisions of the company every year. M/s. Narasimha Murthy & Co, Cost Accountants continued as Cost Auditors of the Company for the year 2013-14. The Cost Audit Report shall be submitted to the Central Government with in the stipulated period.

### **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 & matter of attention 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 31.03.2013 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 Opinion / View on Auditors Observation:**

The opinion / view 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. During the quarter ended June, 2012, the company made a provision of Rs 798.00 lakhs against the Right of Recompense (ROR) claim by the Banks. The company paid an amount of Rs 84.00 lakhs against the claim. As the company is pursuing the matter with Banks for waiver of balance amount of RS 756.00 lakhs, the same was reversed during the quarter ended March, 2013.

#### **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, Indian Overseas Bank, State Bank of India, Bank of Baroda, Punjab National Bank and CDR cell, Yes Bank 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  
For **GAYATRI SUGARS LIMITED**

Place: Hyderabad  
Date: May 27, 2013

<b>(T.V. SANDEEP KUMAR REDDY)</b> Vice-Chairman	<b>(T. SARITA REDDY)</b> Executive Director
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## 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.**

### **A. CONSERVATION OF ENERGY**

- |   |  |
|---|--|
| a. Energy Conservation Measures   | i). Air preheater tubes for boiler were replaced to improve the efficiency of the boilers at Kamareddy Unit<br>ii) Juice clarifier central shaft replaced to improve the clarifier efficiency<br>iii) Injection water piping replaced to improve the batch and continuous pans efficiency<br>iv) Due to installation of Harmonic filter, Power consumption was saved to the extent of 10,67,700 units. |
| 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, we are planning to modify the existing wet scrubbers<br>ii) To reduce the process steam % cane from 50% to 36% we are planning to install Evaporator juice heater related equipment   |
| c. Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production | i. The plant efficiency has increased and the crushing capacity has reached to rated capacity at Kamareddy Unit.<br>ii. After installation of Harmonic Filters power consumption per tonne 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) TECHNOLOGY ABSORPTION:**

- a. Efforts made in technology as per Form B

Plants at both the manufacturing units are as per standard specifications of Government of India

### **C) FOREIGN EXCHANGE EARNINGS & OUT GO:**

- a. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services ; and export plans.
- b. Total Foreign exchange used & Earned

Nil

Total Foreign exchange used : Rs 6.01 lakhs  
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 2012-13		Previous Year 2011-12	
		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)	6.6	7.81	6.32	5.66
	Total Amount (Rs. Lakhs)	37.95	32.33	36.39	23.44
	Rate/Unit (Rs.)	5.75	4.14	5.75	4.14
	<b>b) OWN GENERATION</b>				
	i) Through Diesel Generator				
	Units KWH	1536	1600	2424	2800
	Units per Ltr. of Diesel Oil-KWH	3.00	2.81	2.65	2.72
	Cost / Unit (Rs.)	17.66	18.89	16.31	16.69
	ii) Through Steam Turbines / Generator				
	Units KWH (lacs)	181.4	234.31	163.45	232.74
	Units per tonne of Bagasse/paddy husk	230.00	279.85	236.88	284.40
	Cost/Unit (Rs.)	3.2	2.81	2.62	2.19
	<b>2) COAL</b>				
	Quantity (Tonnes)	Nil	Nil	2449	Nil
	Total Cost (Rs. Lakhs)	Nil	Nil	86.99	Nil
	Average Rate (Rs.)	Nil	Nil	3552	Nil
	<b>3) PADDY HUSK/FIREWOOD</b>				
	Quantity (Tonnes)	71.12	Nil	Nil	Nil
	Total Cost (Rs. Lakhs)	1.63	Nil	Nil	Nil
	Average Rate (Rs.)	2300	Nil	Nil	Nil
	<b>4) BAGASSE</b>				
	Quantity (Tonnes)	76333	82479	96300	81835
	Total Cost (Rs. Lakhs)	610.00	659.83	599.17	509.01
	Cost Per Tonne (Rs.)	800.00	800.00	622.00	622.00
	<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)	512	555	22785	1030
	Total Cost (Rs. Lakhs)	0.27	0.28	9.85	0.47
	Average Rate (Rs.)	53.00	50.45	43.24	45.38
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>				
	<b>Electricity Per Ton of Sugar (KWH)</b>	388	368	377	361

## 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, Finance and Agriculture. The Company has Non Executive Chairman.

##### i) Composition and category of directors as on 31st March 2013

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	3	13	1	3	—
Directorship in Board of Private Companies	21	17	24	2	4	—
Chairmanship in Committees of Board of other Companies	—	—	—	—	1	—
Membership in Committees of Board of other Companies	1	1	2	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	6/1	6/6	6/5	6/6	6/6	6/5
Attendance at the last AGM held on Sept. 25, 2012	No	Yes	No	Yes	Yes	Yes
No. of Shares held as on 31/03/2013	3793508	0	6763031	0	701	0

During the Financial Year 2012-13, Six Board meetings were held on 9<sup>th</sup> May 2012, 30<sup>th</sup> July 2012, 08<sup>th</sup> November 2012, 21<sup>st</sup> January 2013, 07<sup>th</sup> February 2013, and 04<sup>th</sup> March 2013.

**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 Agreement entered with the Bombay Stock Exchange Ltd. 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 2012-13.**

The Audit Committee meetings were held four times during the financial year 2012-13 on 09<sup>th</sup> May 2012, 30<sup>th</sup> July 2012, 08<sup>th</sup> November 2012 and 7<sup>th</sup> February 2013 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 2012-13.**

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

S.No.	Members of the Committee	No Remuneration Committee Meeting was held during the Financial Year 2012-13.
1.	Sri T R Rajagopalan - Chairman	
2.	Sri S Venkataswamy - Member	
3.	Sri. P Maruthi Babu - Member	

**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 2012-13.**

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (Rs.Lakhs)	Sitting fees (Rs)
Smt. T Indira Subbarami Reddy	Non Executive Chairperson	—	1,000
Sri T V Sandeep Kumar Reddy	Executive Vice Chairman	—	5,000
Sri T R Rajagopalan	Non Executive / Independent	—	10,000
Sri. P Maruthi Babu	Non Executive / Independent	—	10,000
Sri S Venkata Swamy	Non Executive / Independent	—	5,000
Smt. T Sarita Reddy	Executive Director	36.99	—

**v) Payment of Managerial Remuneration in excess of prescribed limits, subject to the approval of members and Central Government:**

Board of Directors based on the recommendations of Remuneration Committee re-appointed Mrs. T. Sarita Reddy as Executive Director of the company w.e.f 01.05.2013 to 30.04.2016. The above re-appointment with remuneration is in excess of the prescribed limits under the Companies Act, 1956. The Board proposes to seek the approval of the share holders in the Annual General Meeting of the company and approach the Central Government to approve the payment of remuneration in excess of the limits prescribed under the Act.

Details of the remuneration will be forwarded to the members along with the notice of the Annual General Meeting.

**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 2012-13.**

The Shareholders Grievance Committee meeting was held once during the financial year 2012-13 on 1<sup>st</sup> March, 2013.

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

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

Sri. B Shankar Rao is the Compliance Officer.

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

No. of Investor queries / complaints received in the year 2012-13	Pending at the end of the year 2012-13	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
2011-12	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Tuesday the 25th 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 10th day of August 2011	4.00 PM
2009-10	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Saturday the 31st day of July 2010	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 Exchange as well as regulations and guidelines of SEBI. No penalties or strictures imposed by SEBI, Stock Exchange 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 Bhoomi.

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

**Overall review:**

The Company has crushed 5.83 lakh tonnes (previous year 5.62 lakh tonnes) of sugar cane and produced 6.21 lakh quintal (previous year 6.06 lakhs quintals) of sugar with an average recovery of 10.66% (previous year 10.77%). The Company has sold 6.01 lakh quintals (previous year 7.53 Lakh quintals) of sugar. The company's average sales realization of sugar has increased to Rs.2,816/- per quintal during the current year as compared to Rs.2,557/- per quintal during the previous year. Company has incurred cash loss of Rs.60.43 Lakhs during the year as compared to the cash loss of Rs.215 Lakhs during the previous year.

**Sugar Industry Analysis:**

The sugar production has come down to 24.50 million tonnes in the season 2012-13 from 26.50 million tonnes for the season 2011-12. The expected sugar consumption in India is around 24.00 million tonnes per annum. The expected sugar production in India for the next sugar season 2013-14 would be around 23.00 million tonnes on account of decrease of Acreage due to drought conditions in the states of Karnataka and Maharashtra.

Government of India to decontrolled the sugar industry and made mandate of blending of ethanol at 5% with petrol with effect from July, 2013. The ISMA is demanding the Government of India to increase the rate of custom duty from present 10% to 30% on Raw Sugar to protect the domestic Industry and Cane growing farmers.

**Production:**

The company has made a higher production of sugar of 62,061 Tonnes (previous year 60,608 Tonnes).

**Revenue:**

Company has achieved the turnover Rs.186.89 Crores as compared to Rs.218.91 Crores during the previous year. The decrease of sales was 14.63 % as compared to the previous year, due to decrease in volume of sugar sales of 1.52 lakhs Quintals and decrease in volume of RS/ENA sale of 27.35 Lakhs liters.

**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	Monday, the 30th day of September, 2013 at 10.00 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	Directorships / Committee Memberships in other companies	Shareholding in the Company
a. Sri. T V Sandeep Kumar Reddy He has vast experience in the sugar sector. His other ambitious forays include Infrastructure Projects, Real Estate and Bio-organics. He has done his Masters in Construction Engineering and Management from the University of Michigan, USA and also holds a Bachelor's Degree in Civil Engineering from Purdue University, USA. He envisions the Gayatri Group becoming the leading business house of modern India.	He is director in 13 Public Limited Companies and in 24 private limited companies.	6763031
b. Sri. S Venkata Swamy Mr. S Venkata Swamy( Director) has been associated with company since 2001. He 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.	He is not having directorship in any other company.	Nil

- c) **Financial year** : April 1 to March 31
- d) **Date of Book closure** : from Friday 27th September, 2013 to Monday, 30th September, 2013 (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 2012-13.

Month	High Rs.	Low Rs.	Volume (Nos)
Apr-12	3.47	2.83	92439
May-12	4.48	2.76	162702
Jun-12	4.15	2.95	75677
Jul-12	4.55	3.34	107498
Aug-12	4.46	2.87	77619
Sep-12	3.65	2.91	116958
Oct-12	3.82	3.1	114914
Nov-12	3.64	3.01	103697
Dec-12	3.58	2.98	112120
Jan-13	3.92	2.52	132804
Feb-13	3.45	2.42	90686
Mar-13	3.58	1.9	118353

## Eighteenth Annual Report

### 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 31.03.2013		As on 31.03.2012	
	No. of Shares	%	No. of Shares	%
Promoters	25040888	57.30	25040888	57.30
Financial Institutions and Banks	1750698	4.00	1750698	4.00
Private corporate bodies	8418458	19.26	8427984	19.29
Indian Public	8452487	19.35	8431103	19.29
NRI/OCB	41112	0.09	52970	0.11
<b>Total</b>	<b>43703643</b>	<b>100.00</b>	<b>43703643</b>	<b>100.00</b>

### l) Distribution of Shareholding as on 31st March, 2013

Nominal Value	Holders		Amount	
	No	% to Total	In Rs.	% to Total
Upto 5000	14107	82.16	23687470	5.42
5001-10000	1585	9.23	11941500	2.73
10001-20000	836	4.87	12659880	2.9
20001-30000	187	1.09	4646670	1.06
30001-40000	174	1.01	6362120	1.46
40001-50000	58	0.34	2620960	0.6
50001-100000	125	0.73	8886180	2.03
100001 and above	98	0.57	366231650	83.8
<b>Total</b>	<b>17170</b>	<b>100.00</b>	<b>437036430</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, 2013.

Held in NSDL : 1,61,70,352 shares  
Held in CDSL : 2,74,72,771 shares  
Held in Physical : 60,520 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) Address for correspondence and contact persons for investor queries**

Registered Office:

Gayatri Sugars Limited

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

Rajbhvan Road, Somajiguda

Hyderabad - 500 082.

**p) Contact Person:**

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

Phone: 23414823, Fax: 23414827

Email : compliance.gayatrisugars@gayatri.co.in

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

Place: Hyderabad  
Date: May 27, 2013

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

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

## **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 31st March 2013, 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 27, 2013

**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 Exchange, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2013.

**For Gayatri Sugars Limited**

Place : Hyderabad  
Date : May 27, 2013

**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 Exchange, we have certified to the Board that for the Financial Year ended 31st March 2013, the Company has complied with the requirements of the said sub-clause.

**For Gayatri Sugars Limited**

**For Gayatri Sugars Limited**

Place : Hyderabad  
Date : May 27, 2013

**T Sarita Reddy**  
Executive Director

**V. R. Prasad**  
Chief Finance 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 March, 2013, 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 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 referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that 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 judgement, 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 interest claims*

partly in cash and balance in the form of redeemable preference shares was not agreed by the banks during the year. The Company has paid ₹ 8,400,000 till 31 March, 2013. As the Company was incurring losses for past few years and there was no cash surplus, the Company is pursuing with the banks for waiver of balance amount of ₹ 75,600,000. The management is confident of getting waiver for the payment of the said demand and accordingly no provision has been made in the books which constitutes a departure from the Accounting Standard 1 "Disclosure of Accounting Policies" referred to in Section 211(3C) of the Act. Had the Company made provision for the said unpaid claims, Finance Cost, Other current liabilities and net loss would have been increased by ₹ 75,600,000 and shareholders' funds would have been reduced by ₹ 75,600,000.

### **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 March, 2013;
- (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 Note 32 in the financial statements which indicates that the Company incurred a loss of ₹135,192,123 during the year ended 31 March 2013 and as of that date the accumulated losses amounting to ₹ 377,471,778 has substantially eroded the net-worth of the Company and the Company's current liabilities exceeded its current assets by ₹496,857,408. These conditions, along with other matters as set forth in the said Note, 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.

Our opinion is not qualified in respect of this matter

### **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*, 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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

**Ganesh Balakrishnan**  
Partner  
Membership No.201193

**Hyderabad, May 27, 2013**

**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 ended, clauses 4(vi), (xii), (xiii), (xiv), (xviii), (xix) and (xx) 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

In respect of unsecured loans, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

  - (a) The Company has taken unsecured loan aggregating ₹ 412,435,273 from one party during the year. At the year-end, the outstanding balance of such loans taken aggregated ₹ 493,372,271 (One Party) and the maximum amount involved during the year was ₹ 493,372,271 (One Party).
  - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interests of the Company.
  - (c) The payments of principal amounts in respect of such loans are regular as per stipulations.
- 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 purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

- vi) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the Register maintained under 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 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, 2013 for a period of more than six months from the date they became payable, except as given below :

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 which have not been deposited as on 31 March, 2013 on account of disputes except Excise Duty as under:

Name of the statute	Nature of the dues	Amount (in ₹)	Period to which the amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	5,853,521	Various years covering the period 2006 to 2010	Central Excise and Service Tax Appellate Tribunal

- x) Subject to the consequential effects of our comments in paragraph "basis for qualified opinion" of the Independent Auditors' Report, the accumulated losses of the Company at the end of the financial year are more than fifty percent of its networth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

***Eighteenth Annual Report***

- xi) According to the records of the company examined by us and the information and explanation given to us, the company has defaulted in repayment of dues to the bank as at the balance sheet date. Also refer note no 33 for default in payment of Right of Recompense interest claims. Such delays have been summarized below indicating the Average number of delays and the amount involved :

Amount in ₹

Lender	Total Amount Involved	Number of Installments	Amount of each installment	Average delay in number of days
Principal				
Yes Bank Limited	72,916,667	10	7,291,667	105
Indian Overseas Bank-I	33,816,000	12	2,818,000	61
Indian Overseas Bank-II	16,500,000	12	1,375,000	61
Union Bank of India - I	36,211,768	4	9,052,942	136
Union Bank of India - II	9,505,884	4	4,876,471	136
Union Bank of India - III	7,717,648	4	1,929,412	136
Andhra Bank - I	40,000,000	4	10,000,000	79
Andhra Bank - II	6,000,000	4	1,500,000	163
Union Bank of India Vehicle Loan	208,560	12	17,380	50

Amount in ₹

Lender	Total Amount Involved	Number of Installments	Average monthly interest	Average delay in number of days
Interest				
Yes Bank Limited	39,374,627	12	3,281,219	61
Indian Overseas Bank-I	4,752,942	12	396,079	61
Indian Overseas Bank-II	3,620,461	12	301,705	61
Andhra Bank Harvesting TL	1,724,763	12	143,730	47
Union Bank of India - I	6,012,143	12	501,012	92
Union Bank of India - II	3,220,480	12	268,373	91
Union Bank of India - III	1,277,080	12	106,423	91
Andhra Bank - I	10,271,785	12	855,982	87
Andhra Bank - II	971,920	12	80,993	92

- 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 have been used during the year for long- term investment to the extent of ₹496,857,408.
- 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  
Registration No.008072S

**Ganesh Balakrishnan**  
Partner  
Membership No.201193

**Hyderabad, May 27, 2013**

**BALANCE SHEET AS AT 31 MARCH, 2013**

Particulars	Note No.	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
<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	(355,887,588)	(220,695,465)
		<u>242,587,697</u>	<u>377,779,820</u>
<b>2 Non - Current Liabilities</b>			
(a) Long - term borrowings	5	683,120,206	496,788,528
(b) Other Long - term Liabilities	6	218,309,568	47,383,711
(c) Long - term provisions	7	3,884,396	3,532,771
		<u>905,314,170</u>	<u>547,705,010</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	593,999,010	685,281,328
(b) Trade Payables	9	607,322,118	434,267,292
(c) Other Current Liabilities	10	427,900,369	477,411,820
(d) Short-term provisions	11	21,518,492	18,771,730
		<u>1,650,739,989</u>	<u>1,615,732,170</u>
<b>Total</b>		<u><u>2,798,641,856</u></u>	<u><u>2,541,217,000</u></u>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12A	1,535,543,437	1,623,102,925
(ii) Intangible Assets	12B	84,843,006	96,956,630
(iii) Capital work in progress		24,372,832	1,162,176
		<u>1,644,759,275</u>	<u>1,721,221,731</u>
<b>2 Current assets</b>			
(a) Inventories	13	798,155,752	631,428,488
(b) Trade Receivables	14	28,696,139	28,995,728
(c) Cash and Bank Balances	15	58,932,229	37,030,451
(d) Short-term loans and advances	16	95,191,305	76,879,026
(e) Other Current Assets	17	172,907,156	45,661,576
		<u>1,153,882,581</u>	<u>819,995,269</u>
<b>Total</b>		<u><u>2,798,641,856</u></u>	<u><u>2,541,217,000</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

**For and on behalf of the Board**

**Ganesh Balakrishnan**  
Partner

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

**T Sarita Reddy**  
Executive Director

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

Place : Hyderabad  
Date : May 27, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013**

PARTICULARS	Note No.	For the Year Ended 31 March, 2013 ₹	For the Year Ended 31 March, 2012 ₹
1 Revenue from Operations (Gross)	18	1,926,608,324	2,260,828,223
Less : Excise Duty		57,719,139	71,684,639
<b>Revenue from Operations (Net)</b>		<b>1,868,889,185</b>	<b>2,189,143,584</b>
2 Other Income	19	2,943,072	2,082,412
3 <b>Total Revenue (1+2)</b>		<b>1,871,832,257</b>	<b>2,191,225,996</b>
4 <b>Expenses</b>			
(a) Cost of Materials Consumed	20 a	1,490,338,886	1,363,574,560
(b) Changes in Inventories of finished goods and work-in-progress	20 b	(158,296,219)	358,165,249
(c) Employee benefit expenses	21	98,979,880	86,148,863
(d) Finance Cost	22	234,533,074	239,591,383
(e) Depreciation and Amortisation expenses	12C	129,144,905	125,989,241
(f) Other expenses	23	212,323,854	165,253,668
<b>Total Expenses</b>		<b>2,007,024,380</b>	<b>2,338,722,964</b>
5 <b>Loss before tax (3-4)</b>		<b>(135,192,123)</b>	<b>(147,496,968)</b>
6 <b>Tax expense</b>		—	—
7 <b>Loss for the year (5-6)</b>		<b>(135,192,123)</b>	<b>(147,496,968)</b>
8 <b>Earnings per share (of ₹ 10/- each)</b>	28		
(Refer Note 28)			
Basic / Diluted		(3.35)	(3.63)
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**

**Ganesh Balakrishnan**  
Partner

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

**T Sarita Reddy**  
Executive Director

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

Place : Hyderabad  
Date : May 27, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013**

Particulars	Year Ended 31 March, 2013 ₹	Year Ended 31 March, 2012 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(135,192,123)	(147,496,968)
<b>Adjustments for:</b>		
Depreciation and amortisation	129,144,905	125,989,241
Loss on sale of fixed assets	3,798	8,031
Finance costs	234,533,074	239,591,384
Interest income	(598,981)	(1,243,063)
Liabilities / provisions no longer required written back	—	(27,269)
<b>Operating profit before working capital changes</b>	<b>227,890,673</b>	<b>216,821,355</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	(166,727,264)	360,799,613
Trade receivables	299,589	62,544,979
Short-term loans and advances	(18,299,791)	(13,399,086)
Other Current Assets	(127,245,579)	(45,661,577)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	173,054,826	(36,046,120)
Other current liabilities	62,297,415	(8,168,801)
Other Long term Liabilities (net)	150,390,013	—
Short-term provisions	2,746,762	2,788,026
Long-term provisions	351,625	343,856
	<b>76,867,596</b>	<b>323,200,890</b>
<b>Cash generated from operations</b>	<b>304,758,269</b>	<b>540,022,245</b>
Net income tax (paid) / refunds	(12,489)	107,401
<b>Net cash flow from Operating activities (A)</b>	<b>304,745,780</b>	<b>540,129,646</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(48,259,187)	(28,730,195)
Proceeds on Sale of Fixed Assets	68,000	2,095
Deposits with Banks having maturity period of more than 3 months	17,151,842	—
Interest received	598,981	129,639
<b>Net Cash Used in Investing Activities (B)</b>	<b>(30,440,364)</b>	<b>(28,598,461)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Long term borrowings	493,372,271	—
Repayment of long-term borrowings	(427,760,362)	(273,585,948)
Proceeds from Short term borrowings	—	3,836,998
Repayment of Short-term borrowings	(91,282,319)	(1,581,975)
Finance costs	(209,581,386)	(241,069,205)
<b>Net Cash flow used in Financing activities ( C )</b>	<b>(235,251,796)</b>	<b>(512,400,130)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>39,053,620</b>	<b>(868,944)</b>
Cash and Cash equivalents at the beginning of the year	19,878,609	20,747,553
Cash & Cash equivalents as at the end of year	58,932,229	19,878,609

Notes:

- The cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on "Cash Flow Statement" and presents the Cash Flows by Operating, Investing and Financing activities.
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For and on behalf of the Board**

**Ganesh Balakrishnan**  
Partner

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

**T Sarita Reddy**  
Executive Director

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

Place : Hyderabad  
Date : May 27, 2013

## 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 by the Companies (Accounting Standards) Rules, 2006 as amended and the relevant provisions of Companies Act, 1956.

#### 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 progress 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, 2013		As at 31 March, 2012	
	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
<b>(d) Subscribed but not fully paid up</b>				
Equity shares of ₹10 each	6,275	31,375	6,275	31,375
	<u>43,703,643</u>	<u>437,005,055</u>	<u>43,703,643</u>	<u>437,005,055</u>
<b>(e) Subscribed and fully paid up</b>				
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>16,147,023</u>	<u>161,470,230</u>	<u>16,147,023</u>	<u>161,470,230</u>
<b>Total</b>		<u>598,475,285</u>		<u>598,475,285</u>

Refer Notes i to vii

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

Equity Shares	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
Shares at the beginning of the year	43,703,643	437,036,430	43,703,643	437,036,430
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	43,703,643	437,036,430	43,703,643	437,036,430

6% Cumulative Redeemable Preference Shares	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
Shares at the beginning of the year	9,536,813	95,368,130	9,536,813	95,368,130
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	9,536,813	95,368,130	9,536,813	95,368,130

6% Cumulative Optionally Convertible Preference Shares	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
Shares at the beginning of the year	6,610,210	66,102,100	6,610,210	66,102,100
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	6,610,210	66,102,100	6,610,210	66,102,100

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

<b>PARTICULARS</b>				
<b>Notes:</b>				
<b>ii) Arrears of fixed cumulative dividends on preference shares :</b>				
a) Dividend on 6% Cumulative Redeemable Preference Shares- ₹34,332,527 (31 March, 2012 ₹ 28,610,439).				
b) Dividend on 6% Cumulative Optionally Convertible Preference Shares - ₹ 11,898,378 (31 March, 2012 ₹ 7,932,252 ).				
<b>iii) Details of shares held by each shareholder, holding more than 5% shares:</b>				
Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	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	<b>7,708,789</b>	<b>18%</b>	7,708,789	18%
Gayatri Fin-Holdings Private Limited	<b>7,169,450</b>	<b>16%</b>	7,169,450	16%
T.V. Sandeep Kumar Reddy	<b>6,763,031</b>	<b>15%</b>	6,763,031	15%
T. Indira Subbarami Reddy	<b>3,793,508</b>	<b>9%</b>	3,793,508	9%
T. Subbarami Reddy	<b>3,255,814</b>	<b>7%</b>	3,255,814	7%
T.S.R.Holdings Private Limited	<b>2,895,478</b>	<b>7%</b>	2,895,478	7%
<b>6% Cumulative Redeemable preference shares</b>				
IDBI Bank Limited	<b>7,084,563</b>	<b>74%</b>	7,084,563	74%
IFCI Limited	<b>2,452,250</b>	<b>26%</b>	2,452,250	26%
<b>6% Cumulative Optionally Convertible Preference Shares</b>				
Mohan Project Contractors Private Limited	<b>4,900,000</b>	<b>74%</b>	4,900,000	74%
Gayatri Fin-Holdings Private Limited	<b>1,710,210</b>	<b>26%</b>	1,710,210	26%

**iv) Terms/rights 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.

**v) Terms of redemption of 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.)**

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

Particulars	Issued during 2010-11
<b>Equity shares</b>	
Issued pursuant to Scheme of amalgamation between Gayatri Sugars Limited & GSR Sugars Private Limited on 29 April, 2011	12,829,043
<b>6% Cumulative Optionally Convertible Preference Shares</b>	
Issued pursuant to Scheme of amalgamation between Gayatri Sugars Limited & GSR Sugars Private Limited on 29 April, 2011	6,610,210

**vii) Details of calls unpaid**

Particulars	As at 31 March, 2013	As at 31 March, 2012
<b>Equity shares</b>		
- Number of shares	6,275	6,275
- Unpaid Amount (₹)	31,375	31,375

**Note 4 Reserves and Surplus**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) Securities premium account	21,584,190	21,584,190
(b) Deficit in Statement of Profit and Loss		
Opening balance	(242,279,655)	(94,782,687)
Add: Loss for the year	(135,192,123)	(147,496,968)
Closing balance	(377,471,778)	(242,279,655)
<b>Total</b>	<b>(355,887,588)</b>	<b>(220,695,465)</b>

**Note 5 Long-term borrowings**

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Non-current ₹	Current* ₹	Non-current ₹	Current ₹
(a) Term loans				
From banks				
Secured	10,318,785	110,030,030	297,273,902	250,717,940
From others				
Secured	179,244,000	19,916,000	199,160,000	—
Unsecured				
Loans and advances from related parties (Refer Note 27)	493,372,271	—	—	—
	<u>682,935,056</u>	<u>129,946,030</u>	<u>496,433,902</u>	<u>250,717,940</u>
(b) Vehicle Loans - Secured	185,150	260,700	354,626	208,560
<b>Total</b>	<b><u>683,120,206</u></b>	<b><u>130,206,730</u></b>	<b><u>496,788,528</u></b>	<b><u>250,926,500</u></b>

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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

(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.	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, 2013 ₹	Outstanding as on March 31, 2012 ₹
1	Indian Overseas Bank-Term Loan	<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 Rs.24.93 crores as per the Statutory Auditor's Certificate dated 18.06.2007 Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy	The Loan shall be repayable in 60 monthly installments of Rs.28,18 lacs and the last instalment being Rs.28,38 Lacs after an initial holiday period of 24 Months from date of first drawl.	BPLR Less 1% with a minimum of 12.50%-paid monthly	3	6 Monthly instalments	16,927,243	48,544,717
2	Indian Overseas Bank T.L-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 Rs.5.85 lacs which is exclusive to IOB Bank. Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sanita Reddy	The loan should be repaid in 60 monthly installments of Rs.13.75 Lacs after initial loan holiday of 6 months	BPLR Less 1% with a minimum of 12.50%	10	13 Monthly instalments	17,484,700	33,029,459
3	Yes Bank Limited - Term Loan	(i) First exclusive charge over all the Fixed Assets, both present and future, including the land on which distillery assets have been setup, excluding the building and plant and equipment solely relating to the distillery unit charged to IOB (ii) Second Pari-passu charge on Fixed Assets of distillery unit (iii) Pledge on 30% shares of GSL (iv) DSKA of INR 15 MM to be created upfront. Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sanita Reddy	The Loan shall be repayable in 48 monthly installments of Rs.76 Lacs after a initial holiday period of 12 Months from date of first drawl.	BPLR Less 3.5%. Presently 13.00%	0	0	—	273,195,865
4	Andhra Bank-Harvesting Equipment Term Loan	Hypothecation of Two sugar cane harvesters, Four sugar cane infeeders and Four Tractors purchased out of our bank finance. Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sanita Reddy	7 Yearly equal instalments from February 2012.	BPLR plus 0.50% plus 0.25% Term Premia)	60	5 yearly equal instalments	12,904,499	17,013,591
5	State Bank of India-Excise Duty Term Loan	Residual charge on the fixed assets of Sugar and Distillery Unit Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sanita Reddy	The loan will be repaid in 24 monthly instalments after a moratorium of 2 years from the date of first disbursement.	12%	0	0	—	2,269,227
6	Bank of Baroda - Excise Duty Term Loan	Residual charge on the fixed assets of Sugar and Distillery Unit Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sanita Reddy	The loan shall be repaid in 24 monthly instalments of Rs.10.875 Lacs each after moratorium period. (Period of loan is 48 months inclusive of 2 years moratorium period.)	12%	0	1 Monthly instalment	—	1,087,500

SL	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, 2013 ₹	Outstanding as on March 31, 2012 ₹
7	Punjab National Bank - Excise Duty Term Loan	Residual charge on the fixed assets of Sugar and Distillery Unit Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	Repayment to be made in 24 monthly installments after a moratorium of 2 years from the date of first disbursement.	12%	0	1 Monthly instalment	—	350,000
8	Union Bank of India - Term Loan - I	"Pari-passu charge on the Fixed Assets of the Company" Personal Guarantee of Mrs. T. Indira subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guaranteee of Gayatri Projects Limited."	20 Quarterly installments commencing from July 2008	BPLR plus 1.0%	0	2 Quarterly instalments	18,105,870	45,264,638
9	Union Bank of India - Term Loan - II	"Pari-passu charge on the Fixed Assets of the Company" Personal Guarantee of Mrs. T. Indira subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guaranteee of Gayatri Projects Limited."	20 Quarterly installments commencing from July 2008	BPLR plus 1.0%	0	2 Quarterly instalments	9,752,935	24,381,579
10	Union Bank of India - Term Loan - III	"Pari-passu charge on the Fixed Assets of the Company" Personal Guarantee of Mrs. T. Indira subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guaranteee of Gayatri Projects Limited."	20 Quarterly installments commencing from July 2008	BPLR plus 1.0%	0	2 Quarterly instalments	3,858,820	9,646,959
11	Ubi - Excise Term Loan	Residual charge on the fixed assets of the company.	24 monthly installments after a moratorium of 2 years from the date of first disbursement.	12%	0	1 Monthly instalment	—	4,659,289
12	Andhra Bank - Term Loan - I	"Pari-passu First charge on the Present and Future Fixed Assets of the Company" Personal Guarantee of Mrs. T. Indira subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guaranteee of Gayatri Projects Limited."	20 Quarterly installments commencing from April 2009	BPLR plus 0.25%	3	4 Quarterly instalments	40,000,000	80,000,000
13	Andhra Bank - Term Loan - II	"Pari-passu First charge on the Present and Future Fixed Assets of the Company" Personal Guarantee of Mrs. T. Indira subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guaranteee of Gayatri Projects Limited."	20 Quarterly installments commencing from July 2008	BPLR plus 0.25%	0	1 Quarterly instalments	1,314,748	7,028,533
14	Andhra Bank - Excise Term Loan	"Residual charge on the fixed assets of the sugar Division. -personal guaranteee of Mrs. T Indira Subbarami Reddy, Mrs. T Saritha Reddy and Corporate Guaranteee of Gayatri Projects Ltd."	24 monthly installments after a moratorium of 2 years from the date of first disbursement.	12%	0	0	—	1,520,485
15	Sugar Development Fund - Term Loan	Exclusive charge on the Fixed Assets of the Nizamsagar Unit.	Five yearly installments after moratorium of eight years from date of disbursement.	4%	60	5 Yearly instalments	199,160,000	199,160,000
16	Union Bank of India - Vehicle Loan	Hypothecation of Vehicle	60 Monthly Instalments Rs. 17,380 w.e.f April-10	11.25%	22	25 Monthly Instalments	445,850	563,186
<b>Unsecured Loan</b>								
"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, 2013"	"Outstanding as on March 31, 2012"
1	Mohan Project contractors Privatized Limited	Unsecured	20 Quarterly instalments of Rs. 24,682,000 each starting from December 2015	9.50%	91	20 Quarterly	475,267,816	—

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

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Period of Default (No. of days upto date of repayment)	Amount	Amount	Period of Default (No. of days upto date of repayment)	Amount	Amount
<b>Term Loans</b>						
1 Indian Overseas Bank-I	103	2,818,000	2,818,000	59	2,818,000	2,818,000
2 Indian Overseas Bank-I	75	2,818,000	2,818,000	Not paid	2,818,000	2,818,000
3 Indian Overseas Bank-I	44	2,818,000	2,818,000	—	—	—
4 Indian Overseas Bank-II	103	1,375,000	1,375,000	59	1,375,000	1,375,000
5 Indian Overseas Bank-II	75	1,375,000	1,375,000	Not paid	1,375,000	1,375,000
6 Indian Overseas Bank-II	44	1,375,000	1,375,000	—	—	—
7 Union Bank of India - I	Not paid	9,052,942	9,052,942	—	—	—
8 Union Bank of India - II	Not paid	4,876,471	4,876,471	—	—	—
9 Union Bank of India - III	Not paid	1,929,412	1,929,412	—	—	—
10 Union Bank of India Vehicle Loan	62	17,380	17,380	—	—	—
11 Union Bank of India Vehicle Loan	34	17,380	17,380	—	—	—
12 Union Bank of India Vehicle Loan	3	17,380	17,380	—	—	—
13 Yes Bank Limited	—	—	—	Not paid	7,291,667	7,291,667
14 Andhra Bank Harvesting TL	—	—	—	59	1,590,000	1,590,000
15 State Bank of India - EDTL	—	—	—	49	1,133,000	1,133,000
16 State Bank of India - EDTL	—	—	—	27	1,133,000	1,133,000
17 Bank of Baroda - EDTL	—	—	—	30	1,087,500	1,087,500
18 Pnb-Excise Duty Term Loan - EDTL	—	—	—	9	350,000	350,000
19 Union Bank of India - EDTL	—	—	—	Not paid	675,000	675,000
20 Andhra Bank - EDTL	—	—	—	Not paid	1,614,000	1,614,000
<b>Interest</b>						
1 Indian Overseas Bank-I	103	262,964	262,964	—	—	—
2 Indian Overseas Bank-I	75	184,805	184,805	—	—	—
3 Indian Overseas Bank-I	44	202,615	202,615	—	—	—
4 Indian Overseas Bank-II	103	238,298	238,298	—	—	—
5 Indian Overseas Bank-II	75	188,223	188,223	—	—	—
6 Indian Overseas Bank-II	44	203,865	203,865	—	—	—
7 Union Bank of India - I	105	237,870	237,870	Not paid	969,965	969,965
	77	258,280	258,280	—	—	—
	46	232,751	232,751	—	—	—
8 Union Bank of India - II	Not paid	399,521	399,521	Not paid	380,995	380,995
9 Union Bank of India - III	Not paid	157,933	157,933	Not paid	150,680	150,680
10 Andhra Bank Harvesting TL	Not paid	—	—	Not paid	178,361	178,361
11 Andhra Bank-I	Not paid	1,066,448	1,066,448	Not paid	1,090,933	1,090,933
12 Andhra Bank-II	Not paid	56,161	56,161	Not paid	110,090	110,090

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6 Other Long Term Liabilities**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) Crop Loan	149,765,200	—
(b) Interest accrued but not due	67,919,555	47,383,711
(c) Interest on crop loan	624,813	—
<b>Total</b>	<b>218,309,568</b>	<b>47,383,711</b>

**Note 7 Long-term provisions**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
<b>Provision for employee benefits (Refer Note 25.1 b)</b>		
(a) Compensated absences	2,773,974	2,460,872
(b) Gratuity	1,110,422	1,071,899
<b>Total</b>	<b>3,884,396</b>	<b>3,532,771</b>

**Note 8 Short-term borrowings**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) <b>Loans repayable on demand</b>		
From banks		
Secured	593,999,010	604,344,330
(b) <b>Loans and advances from related parties (Refer Note 27)</b>		
Unsecured -	—	80,936,998
<b>Total</b>	<b>593,999,010</b>	<b>685,281,328</b>

**Notes:**

Details of security for the secured short-term borrowings:

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
<b>Loans repayable on demand from banks:</b>		
State Bank of India (Refer Notes (i) to (v) below)	111,072,684	112,753,282
Bank of Baroda (Refer Notes (i) to (v) below )	100,960,050	108,813,780
Andhra Bank (Refer Notes (i) to (v) below )	199,064,528	197,650,927
Punjab National Bank (Refer Notes (i) to (v) below )	35,142,064	33,201,490
Union Bank of India (Refer Notes (i) (iv) (v) & (vi) below )	147,759,684	151,924,851
<b>Total - from banks</b>	<b>593,999,010</b>	<b>604,344,330</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.
- 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 (IOB).
- 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.
- iv) Pledge of shares of GSL belonging to Smt. T. Indira Subbarami Reddy and Sri TV Sandeep Kumar Reddy .
- v) Personal guarantee of Shri TV Sandeep Kumar Reddy, Smt. T Indira Subbarami Reddy and Smt. T. Sarita Reddy, and Corporate Guarantee of Gayatri Projects Limited.
- vi) Pari passu first charge on Fixed Assets of the Nizamsagar Unit.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 9 Trade Payables**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
Trade Payables (Refer note 24.2)		
Other than Acceptances	<b>607,322,118</b>	434,267,292
<b>Total</b>	<b>607,322,118</b>	434,267,292

**Note 10 Other Current Liabilities**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) Current maturities of long-term debt (Refer Note 5)	<b>130,206,730</b>	250,926,500
(b) Interest accrued but not due on borrowings	<b>6,081,400</b>	2,651,653
(c) Interest accrued and due on borrowings	<b>3,689,734</b>	2,703,637
(d) Other payables		
(i) Statutory remittances	<b>43,529,158</b>	31,902,745
(ii) Payables on purchase of fixed assets	<b>20,058,183</b>	15,563,123
(iii) Advances from customers	<b>51,675,742</b>	26,186,259
(iv) Others - Crop loan	<b>162,513,981</b>	141,978,740
(v) Others - Interest on Crop loan	<b>10,145,441</b>	5,499,163
<b>Total</b>	<b>427,900,369</b>	477,411,820

**Note 11 Short-term Provisions**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) <b>Provision for employee benefits (Refer Note 25.1 b)</b>		
(i) Provision for compensated absences	<b>392,525</b>	354,639
(ii) Provision for gratuity	<b>14,601,356</b>	11,892,480
	<b>14,993,881</b>	12,247,119
(b) <b>Provision - Others</b>		
(i) Provision for preference dividend	<b>5,722,088</b>	5,722,088
(ii) Provision for tax on proposed dividend	<b>802,523</b>	802,523
	<b>6,524,611</b>	6,524,611
<b>Total</b>	<b>21,518,492</b>	18,771,730

\* The Company had made the provision towards preference dividend 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

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

Particulars	Gross block			Accumulated depreciation / amortisation			Net block		
	Balance as at 1 April, 2012 ₹	Additions ₹	Disposals ₹	Balance as at 31 March, 2013 ₹	Balance as at 1 April, 2012 ₹	For the year ₹	Eliminated on disposal of assets ₹	Balance as at 31 March, 2013 ₹	Balance as at 31 March, 2012 ₹
<b>A. Tangible assets Owned</b>									
(a) Land - Freehold (Previous year)	33,340,251	54,410	—	33,394,661	—	—	—	33,394,661	33,340,251
(b) Buildings (Previous year)	33,340,251	160,248	—	33,340,251	93,649,405	10,402,777	—	33,340,251	33,340,251
(c) Plant and Equipment (Previous year)	364,357,420	—	—	364,517,668	83,246,629	10,402,776	—	260,465,486	270,708,015
(d) Furniture and Fixtures (Previous year)	364,357,420	—	—	2,096,621,470	752,323,239	105,230,678	—	93,649,405	281,110,791
(e) Vehicles (Previous year)	2,068,046,851	28,574,619	—	2,068,046,851	650,841,895	101,481,344	—	857,553,917	1,315,723,612
(f) Computers (Previous year)	2,035,367,495	32,679,356	—	2,059,408	1,797,525	130,361	—	1,927,886	1,384,525,600
	2,059,408	—	—	2,059,408	1,667,164	130,361	—	1,797,525	261,883
	2,059,408	—	—	2,059,408	1,667,164	130,361	—	1,797,525	392,244
	8,806,115	438,676	171,200	9,073,591	6,243,282	854,920	99,402	6,998,800	2,562,833
	8,806,115	—	—	8,806,115	5,406,701	836,581	—	6,243,282	3,399,414
	6,780,137	315,638	—	7,095,775	6,273,806	412,545	—	6,686,351	506,331
	6,497,802	296,535	14,200	6,780,137	5,253,325	1,024,555	4,074	6,273,806	1,244,477
<b>Total</b>	<b>2,483,390,182</b>	<b>29,543,591</b>	<b>171,200</b>	<b>2,512,762,573</b>	<b>860,287,257</b>	<b>117,031,281</b>	<b>99,402</b>	<b>977,219,136</b>	<b>1,623,102,925</b>
Previous year	2,450,428,491	32,975,891	14,200	2,483,390,182	746,415,714	113,875,617	4,074	860,287,257	1,704,012,778
<b>B. Intangible assets</b>									
Goodwill	121,183,880	—	—	121,183,880	24,227,250	12,113,624	—	36,340,874	96,956,630
(Previous year)	121,183,880	—	—	121,183,880	12,113,626	12,113,624	—	24,227,250	109,070,254
<b>Total</b>	<b>121,183,880</b>	<b>—</b>	<b>—</b>	<b>121,183,880</b>	<b>24,227,250</b>	<b>12,113,624</b>	<b>—</b>	<b>36,340,874</b>	<b>96,956,630</b>
Previous year	121,183,880	—	—	121,183,880	12,113,626	12,113,624	—	24,227,250	109,070,254

**C. Depreciation and amortisation :**

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Depreciation for the year on tangible assets as per Note 12 A	117,031,281	113,875,617
Amortisation for the year on intangible assets as per Note 12 B	12,113,624	12,113,624
Depreciation and amortisation -	129,144,905	125,989,241

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 13 Inventories**

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) Finished goods	705,282,125	506,008,504
Goods-in-transit	—	69,769,711
(b) Stores and spares	32,949,024	24,517,979
(c) By- Products 59,924,603	31,132,294	
<b>Total</b>	<b>798,155,752</b>	<b>631,428,488</b>

**Details of Finished goods and By Products**

<b>(i) Finished Goods (including Goods-in-transit)</b>		
Sugar	662,462,558	560,020,214
Rectified Spirits	42,780,547	15,758,001
Carbondi-oxide- CO2	39,020	—
	<b>705,282,125</b>	<b>575,778,215</b>
<b>(ii) By- Products</b>		
Molasses	32,545,848	23,056,785
Distillery	17,241,191	7,028,509
Bagasse	10,137,564	1,047,000
	<b>59,924,603</b>	<b>31,132,294</b>

**Note 14 Trade receivables**

**Trade receivables outstanding for a period exceeding six months from the date they were due for payment**

Unsecured, considered good	223,267	238,222
Other Trade receivables		
Unsecured, considered good	28,472,872	28,757,506
<b>Total</b>	<b>28,696,139</b>	<b>28,995,728</b>

**Note 15 Cash and Bank Balances**

**Cash and cash equivalents \***

(a) Cash on hand	152,635	113,056
(b) Balances with banks		
In current accounts	58,779,594	19,765,553
	<b>58,932,229</b>	<b>19,878,609</b>

**Other Bank Balances**

In deposit accounts **	—	17,151,842
<b>Total</b>	<b>58,932,229</b>	<b>37,030,451</b>

\* Cash and cash equivalents as above meet the definition of Cash and Cash Equivalents as per Accounting Standard- 3 "Cashflow Statement"

\*\*Other Bank balances include deposits amounting to ₹ NIL (As at 31 March, 2012 ₹ 17,151,842) which have an original maturity of more than 12 months and pledged with Banks as security.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 16 Short-term loans and advances**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) Loans and advances		
Unsecured, considered good	73,287,179	56,825,274
Doubtful	3,645,045	3,645,045
	<u>76,932,224</u>	<u>60,470,319</u>
Less: Provision for doubtful loans and advances	3,645,045	3,645,045
	<u>73,287,179</u>	<u>56,825,274</u>
(b) Security deposits		
Unsecured, considered good	7,229,266	7,244,505
(c) Loans and advances to employees		
Unsecured, considered good	1,481,867	1,426,775
(d) Prepaid expenses - Unsecured, considered good	3,738,589	3,341,975
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	5,194,637	2,425,388
(ii) VAT credit receivable	71,875	—
(iii) Service Tax credit receivable	3,476,944	4,916,651
(f) Advance Taxes and Tax Deducted at Sources	710,948	698,458
<b>Total</b>	<u>95,191,305</u>	<u>76,879,026</u>
<b>Note 17 Other Current Assets</b>		
Cane Development Incentive (Refer note 24.4)	172,907,156	45,661,576
<b>Total</b>	<u>172,907,156</u>	<u>45,661,576</u>

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>Note 18 Revenue from operations</b>		
(a) Sale of products (Refer Note (i) below)	1,919,465,990	2,232,650,880
(b) Other operating revenues (Refer Note (ii) below)	7,142,334	28,177,343
	<u>1,926,608,324</u>	<u>2,260,828,223</u>
(c) Less: Excise duty	57,719,139	71,684,639
<b>Total</b>	<u>1,868,889,185</u>	<u>2,189,143,584</u>

**Notes:**

**(i) Sale of products comprises**

Manufactured goods		
Sale of Sugar	1,749,124,139	1,997,682,514
Sale of Rectified Spirit	113,029,070	177,717,331
Sale of Power	56,776,839	57,251,035
Sale of Carbondi-oxide- CO2	535,942	—
<b>Total</b>	<u>1,919,465,990</u>	<u>2,232,650,880</u>

**(ii) Other operating revenues comprise:**

Sale of scrap	5,080,752	1,286,862
Duty drawback and other export incentives	—	23,176,460
Others - Freight recoveries	2,061,582	3,714,021
<b>Total</b>	<u>7,142,334</u>	<u>28,177,343</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>Note 19 Other income</b>		
<b>(a) Interest income</b>		
From banks on deposits	598,981	1,237,138
Interest income on Income Tax Deducted at Sources	—	5,925
<b>(b) Other non-operating income</b>		
Liabilities / provisions no longer required written back	—	27,269
Insurance claims	66,418	812,080
Harvesting Machine Receipts	2,277,673	—
<b>Total</b>	<b>2,943,072</b>	<b>2,082,412</b>
<b>Note 20. (a) Cost of materials consumed</b>		
Opening stock -	—	
Add: Purchase of Sugar cane, molasses etc.	1,490,338,886	1,363,574,560
Less: Closing stock	—	—
<b>Total</b>	<b>1,490,338,886</b>	<b>1,363,574,560</b>
<b>Material consumed comprises:</b>		
Sugar Cane	1,416,287,859	1,240,498,507
Molasses	5,167,503	5,477,656
Cane development Incentive	45,931,520	90,658,308
Other items	22,952,004	26,940,089
<b>Total</b>	<b>1,490,338,886</b>	<b>1,363,574,560</b>
<b>Note 20 (b) Changes in inventories of finished goods and work-in-progress</b>		
<b>Inventories at the end of the year:</b>		
Finished goods	765,206,728	606,910,509
	<b>765,206,728</b>	<b>606,910,509</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	606,910,509	941,137,911
Work-in-progress	—	23,937,847
	<b>606,910,509</b>	<b>965,075,758</b>
<b>Net (increase) / decrease</b>	<b>(158,296,219)</b>	<b>358,165,249</b>
<b>Note 21 Employee benefits expense</b>		
Salaries and wages	87,138,585	74,618,961
Contributions to provident and other funds (Refer Note 25.1.a)	5,503,405	5,328,680
Gratuity	3,137,664	3,148,381
Staff welfare expenses	3,200,226	3,052,841
<b>Total</b>	<b>98,979,880</b>	<b>86,148,863</b>
<b>Note 22 Finance costs</b>		
<b>(a) Interest expense on:</b>		
Borrowings	210,900,897	217,703,621
Others	11,309,210	9,003,140
<b>(b) Other borrowing costs</b>		
	12,322,967	12,884,622
<b>Total</b>	<b>234,533,074</b>	<b>239,591,383</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 23 Other expenses**

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Consumption of stores and spare parts	126,087,233	108,684,705
Distillery Expenses	8,809,734	12,862,724
Handling Charges	11,258,413	11,112,052
Increase / (decrease) of excise duty on inventory	3,701,080	(14,290,129)
Custom duty	2,626,862	—
Power and fuel	14,597,481	7,608,721
Rent including lease rentals	1,169,290	1,110,082
<b>Repairs and maintenance</b>		
-Buildings	2,375,891	459,984
-Machinery	11,953,220	11,465,538
- Others	1,205,740	1,403,627
Insurance	4,971,295	3,529,706
Rates and taxes	3,368,685	3,529,121
Communication	948,555	1,061,486
Travelling and conveyance	5,818,493	5,280,233
Printing and stationery	364,996	824,250
Sales commission	—	209,024
Legal and professional	1,283,916	2,601,872
Payments to auditors - Statutory Audit Fee	1,500,000	1,500,000
Loss on fixed assets sold	3,798	8,031
Miscellaneous expenses	10,279,172	6,292,641
<b>Total</b>	<b>212,323,854</b>	<b>165,253,668</b>

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

**24.1 Contingent liabilities and commitments**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(i) <b>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	39,902,121	33,251,767
(c) Dividend on 6% Cumulative Optionally Convertible Preference Shares.	13,828,890	9,219,062
(d) Crop loans given to farmers by the banks have been guaranteed by the Company	457,900,000	12,363,318
(e) Corporate guarantees given to a Supplier for supply of PVC pipes to farmers	20,000,000	15,000,000
(f) Central Excise demand	5,853,521	—
(ii) <b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (Net of capital advances ₹ Nil)		
Tangible assets	898,880	475,000
Other Commitments	1,690,000,000	1,589,195,015

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
<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	2,584,944	1,212,698
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	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.		

**24.3 Details of consumption of imported and indigenous items**

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Raw Materials		
Imported	—	—
Indigeneous	1,490,338,886	1,363,574,560
	<u>1,490,338,886</u>	<u>1,363,574,560</u>
% Consumption		
Imported	—	—
Indigeneous	100	100
Spare parts & Consumables		
Imported	601,481	—
Indigeneous	125,485,752	108,684,705
% Consumption		
Imported	0.48	—
Indigeneous	99.52	100

24.4 The cane development incentive is paid by the company to encourage farmers to harvest the sugar crop and supply the cane 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**

**25.1 Employee benefit plans**

**25.1 a 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 ₹ 5,503,405 (Year ended 31 March, 2012 ₹ 5,328,680) 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**

**25.1 b 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, 2013		Year ended 31 March, 2012	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	₹	₹	₹	₹
<b>Components of employer expense</b>				
Current service cost	1,152,847	104,594	988,630	117,548
Interest cost	1,037,150	225,241	818,156	193,684
Actuarial losses/(gains)	947,697	2,316,920	930,640	83,224
Total expense recognised in the Statement of Profit and Loss	3,137,694	2,646,755	2,737,426	394,456

Particulars	Year ended 31 March, 2013		Year ended 31 March, 2012	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	₹	₹	₹	₹

**Change in defined benefit obligations (DBO) during the year**

Present value of DBO at beginning of the year	12,964,379	2,815,511	10,226,953	2,421,055
Current service cost	1,152,847	104,594	988,630	117,548
Interest cost	1,037,150	225,241	818,156	193,684
Actuarial (gains) / losses	947,697	2,316,920	930,640	83,224
Benefits paid	(390,295)	(2,295,767)	-	-
Present value of DBO at the end of the year	15,711,778	3,166,499	12,964,379	2,815,511

**Actuarial assumptions**

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**

	₹					
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Gratuity</b>						
Present value of DBO	15,711,778	12,964,379	10,226,953	5,240,486	4,804,463	7,212,467
<b>Compensated Absences</b>						
Present value of DBO	3,166,499	2,815,511	2,421,055	1,137,948	1,280,108	—

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 26 DISCLOSURES UNDER ACCOUNTING STANDARDS**

**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, 2013			For the year ended 31 March, 2012				
	Business segments			Business segments				
	Sugar ₹	Distillery ₹	Eliminations ₹	Total ₹	Sugar ₹	Distillery ₹	Eliminations ₹	Total ₹
Revenue	* 1,756,753,875	112,135,310	—	1,868,889,185	* 2,011,426,252	177,717,331	—	2,189,143,584
Inter-segment revenue	76,620,000	—	76,620,000	—	68,590,703	—	68,590,703	—
<b>Total</b>	<b>1,833,373,875</b>	<b>112,135,310</b>	<b>76,620,000</b>	<b>1,868,889,185</b>	<b>2,080,016,956</b>	<b>177,717,331</b>	<b>68,590,703</b>	<b>2,189,143,584</b>
Segment result	73,938,117	22,459,762	—	96,397,879	76,817,406	13,194,597	—	90,012,003
Interest Expense	226,195,615	8,337,459	—	234,533,074	223,794,411	15,796,972	—	239,591,383
Operating income	(152,257,498)	14,122,303	—	(138,135,195)	146,977,005	(2,602,375)	—	144,374,629
Other income (net)	—	—	—	2,943,072	—	—	—	2,082,412
<b>Loss before taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(135,192,123)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(147,496,968)</b>
Tax expense	—	—	—	—	—	—	—	—
Loss for the year	—	—	—	(135,192,123)	—	—	—	(147,496,968)
Segment assets	2,406,197,906	391,733,003	—	2,797,930,909	2,127,598,077	412,920,465	—	2,540,518,542
Unallocable assets	—	—	—	710,948	—	—	—	698,458
<b>Total assets</b>	<b>2,406,197,906</b>	<b>391,733,003</b>	<b>—</b>	<b>2,797,930,909</b>	<b>2,127,598,077</b>	<b>412,920,465</b>	<b>—</b>	<b>2,540,518,542</b>
Segment liabilities	2,491,096,571	58,432,977	—	2,549,529,548	1,968,285,750	107,689,821	—	2,075,975,571
Unallocable liabilities	—	—	—	6,524,611	—	—	—	87,461,609
<b>Total liabilities</b>	<b>2,491,096,571</b>	<b>58,432,977</b>	<b>—</b>	<b>2,549,529,548</b>	<b>1,968,285,750</b>	<b>107,689,821</b>	<b>—</b>	<b>2,163,437,180</b>
<b>Net Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>242,587,697</b>	<b>242,587,697</b>	<b>242,587,697</b>	<b>—</b>	<b>377,779,820</b>
Other information	—	—	—	—	—	—	—	—
Capital expenditure- Tangible	29,543,591	—	—	29,543,591	32,975,891	—	—	32,975,891
Depreciation and amortisation	96,489,766	20,541,515	—	117,031,281	93,484,794	20,390,823	—	113,875,617
Unallocated amortisation	—	—	—	12,113,624	—	—	—	12,113,626
Total Depreciation and amortisation	96,489,766	20,541,515	—	129,144,905	93,484,794	20,390,823	—	125,989,243

\* Includes sale of power ₹ 56,776,839 (31.03.2012 ₹ 57,251,035), 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 transactions**  
**(i) Details of related parties:**

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

Note: Related parties have been identified by the Management.

**(ii) Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:**

	Company Under Common Management	Key Management Personnel	Trust under common management	Major Shareholder having common independent director	Total
Remuneration to Executive Director (Smt. T Sarita Reddy)	—	3,699,000 (3,976,578)	—	—	3,699,000 (3,976,578)
<b>Rent paid</b>					
Deep Corporation Private Limited	1,030,656 (902,432)	—	—	—	1,030,656 (902,432)
<b>Unsecured Loan</b>					
Mohan Project Contractors Private Limited	—	—	—	412,435,273 (3,836,998)	412,435,273 (3,836,998)
<b>Contribution towards donations</b>					
TSR Foundation	—	—	600,000 (550,000)	—	600,000 (550,000)
<b>Interest Expense</b>					
Mohan Project Contractors Private Limited				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	—	—	—	493,372,271 (80,936,998)	493,372,271 (80,936,998)
<b>Interest accrued but not due</b>					
Mohan Project Contractors Private Limited				18,104,455 (—)	18,104,455 (—)
<b>Trade payables</b>					
Deep Corporation Private Limited	— (11,340)				— (11,340)
Guarantees given against working Capital loan " Smt. T Indira Subbarami Reddy - Director" Sri. TV Sandeep Kumar Reddy -Vice Chairman "Smt. T Sarita Reddy- Executive Director"		182,901,748 (185,126,341)			182,901,748 (185,126,341)

**Note: Figures in bracket relates to the previous year**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28 Disclosures under Accounting Standards**

Note	Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
28	<b>Earnings per share</b>		
	Net loss for the year	(135,192,123)	(147,496,968)
	Less: Preference dividend and tax thereon	11,259,884	11,259,884
	Net loss for the year attributable to the equity shareholders	<u>(146,452,007)</u>	<u>(158,756,853)</u>
	Weighted average number of equity shares	43,703,643	43,703,643
	Par value per share	10	10
	<b>Earnings per share - Basic / Diluted</b>	<b>(3.35)</b>	<b>(3.63)</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 31st March, 2013 and 31st March, 2012 respectively.

Note	Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
29	<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	207,226,258	212,018,147
	Tax effect of items constituting deferred tax liability	207,226,258	212,018,147
	<b>Tax effect of items constituting deferred tax assets</b>		
	Provision for compensated absences, gratuity and other employee benefits	5,833,388	5,119,785
	Provision for doubtful advances	1,126,319	1,182,635
	<b>Unabsorbed depreciation carried forward</b>	<u>200,266,551</u>	<u>205,715,727</u>
	<b>Tax effect of items constituting deferred tax assets</b>	<u>207,226,258</u>	<u>212,018,147</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 Loans and Advances include ₹ NIL (Year ended 31 March, 2012 ₹ 6,739,990) receivable from Banks paid towards interest on loans under "Scheme for Extending Financial Assistance to Sugar Undertakings" ("SEFASU"). Under the scheme, the concessional interest is reimbursed by the Central Government directly to the banks. Upon reimbursement from the Central Government the interest recovered by the banks will be reimbursed to the Company. Considered good for recovery by the management.

Note 32 As at March 31, 2013 the accumulated losses amounted to ₹ 377,471,778 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 is dependent on continuous support from its promoters. During the year ended March 31, 2013 the promoters have arranged unsecured loan of ₹ 412,435,273 . The financial statements have been prepared on a going concern basis based on a Comfort letter received from its promoters for a continued support to the Company with all necessary assistances including financial and operations 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 33 The Company paid interest on Working Capital loans raised from the Banks at a concessional rate under Corporate Debt Restructuring ('CDR') scheme as per the Reserve Bank of India guidelines, pursuant to which, the Banks had a Right of Recompense ('ROR') i.e. interest rate concession given earlier to the Company, will have to be compensated by the Company at the end of the scheme. Upon expiry of the CDR time period, the

respective banks have raised a demand of ₹ 840,00,000 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 year. The Company has paid ₹ 84,00,000 till March 31, 2013. As the Company is incurring losses for past few years and there is no cash surplus, the Company is pursuing with the banks for waiver of balance amount of ROR claim aggregating ₹ 75,600,000. The Management is confident of getting waiver for the payment of the said demand and accordingly, no provision has been made in the books for the balance ROR claim.

**Note 34 Previous year's figures**

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**

<b>T.V. Sandeep Kumar Reddy</b> Vice Chairman	<b>T Sarita Reddy</b> Executive Director	<b>V.R. Prasad</b> Chief Financial Officer
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Place : Hyderabad  
Date : May 27, 2013

### GAYATRI SUGARS LIMITED

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

#### FORM OF PROXY

I/We ..... of  
..... being  
a member/members of Gayatri Sugars Limited hereby appoint .....  
..... of  
..... failing  
him/her ..... of  
..... as my/  
our proxy to vote for me/us and of my/our behalf at the 18<sup>th</sup> Annual General Meeting to be held  
at 10.00 A.M. on Monday, the 30<sup>th</sup> September, 2013 or at any adjournment thereof.

Signed this ..... day of ..... of 2013

Affix  
Re. 1/-  
revenue  
stamp

Regd Folio No. \_\_\_\_\_

No of Shares \_\_\_\_\_



#### ATTENDANCE SLIP 18th 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 18<sup>th</sup> Annual General Meeting of the Company on Monday,  
the 30<sup>th</sup> September, 2013.

.....  
\*Member/Proxy Signature

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

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