



GAYATRI SUGARS LIMITED

**TWENTY SECOND ANNUAL REPORT
2016-17**



22nd Annual General Meeting

Day : Thursday

Date : 29th June, 2017

TIME : 10.30 A.M.

Venue : FTAPCCI Auditorium
The Federation of Telangana and
Andhra Pradesh Chambers of
Commerce and Industry,
Federation House,
11-6-841, Red Hills, P.B. 14,
Hyderabad – 500 004.

TWENTY SECOND ANNUAL REPORT 2016-17

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. T. Indira Subbarami Reddy	Chairperson/Director (DIN: 00009906)
Mr. T.V. Sandeep Kumar Reddy	Vice Chairman/Director (DIN: 00005573)
Ms. T. Sarita Reddy	Managing Director (DIN: 00017122)
Mr. T.R. Rajagopalan	Director (DIN: 00020643)
Mr. J.N. Karamchetti	Director (DIN: 00940963)
Mr. Raghuraj Suresh Bhalerao	Director (DIN: 07652493)

CHIEF FINANCIAL OFFICER

Mr. V.R. Prasad

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Munmun Baid

REGISTERED OFFICE

B2, 2nd Floor, 6-3-1090, TSR Towers,
Rajbhavan Road, Somajiguda,
Hyderabad - 500 082.
Phone Nos: 040-23414823/24/25/26
Fax No: 040-23414827
Email: gayatrisugars@gmail.com

CORPORATE IDENTITY NUMBER

L15421TG1995PLC020720

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants
Secunderabad

COST AUDITORS:

M/s Narasimha Murthy & Co
Cost Accountants,
Hyderabad

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Venture Capital and Corporate
Investments Private Limited
H.No. 12-10-167, Bharat Nagar,
Hyderabad – 500018.
Ph: 040-23818475, 23818476

FACTORIES

Kamareddy Unit

Adloor Yellareddy Village,
Sadasivanagar Mandal,
Nizamabad District,
Telangana.
Phone No: (08468) 203331

Nizamsagar Unit

Maagi Village,
Nizamsagar Mandal,
Nizamabad District,
Telangana.
Phone No: (08465) 275577
Fax No: (08465) 275800

NOTICE

NOTICE is hereby given that the 22nd ANNUAL GENERAL MEETING of the Shareholders of M/s. Gayatri Sugars Limited will be held on Thursday, the 29th day of June, 2017 at 10:30 A.M. at FTAPCCI Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad-500 004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. T.V. Sandeep Kumar Reddy [DIN: 00005573] who retires by rotation and being eligible, offers himself for re-appointment.
3. **TO APPOINT AUDITORS AND FIX THEIR REMUNERATION**

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

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. MOS & Associates LLP, Chartered Accountants, Hyderabad be and are hereby appointed as Auditors of the Company, in the place of retiring auditors M/s. Deloitte Haskins & Sells, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 27th Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors from time to time."

SPECIAL BUSINESS:

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

"RESOLVED THAT, pursuant to provision of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force). Mr. Raghuraj Suresh Bhalerao (holding DIN 07652493), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 11th of November, 2016 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 11th of November, 2016."

5. ORDINARY RESOLUTION FOR RATIFICATION OF REMUNERATION PAYABLE TO M/S. NARASIMHA MURTHY & CO., APPOINTED AS COST AUDITORS OF THE COMPANY FOR THE F.Y 2017-18.

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Narasimha Murthy & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of Sugar, Power and Distillery divisions of the Company for the financial year 2017-18, for a remuneration of ₹ 1,50,000 (Rupees One Lakh Fifty Thousand) per annum plus applicable service tax and out of pocket expenses that may be incurred, be and is hereby ratified."

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

By order of the Board
For Gayatri Sugars Limited

Place : Hyderabad
Date : May 29, 2017

(Munmun Baid)
Company Secretary & Compliance Officer

NOTES:

- 1. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Registered Office of the Company by not less than 48 hours before the commencement of 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.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.

2. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd June, 2017 to 29th June, 2017 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.

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6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
8. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Venture Capital and Corporate Investments Private Limited).
9. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
10. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to **M/s. Venture Capital And Corporate Investments Private Limited**, Share Transfer Agents of the Company for their doing the needful.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
12. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the Company and correspond with them directly regarding share transfer/transmission/transposition, Demat/Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the Company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. Electronic copy of the Annual Report for 2016-2017 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-2017 is being sent in the permitted mode.
15. Members may also note that the Notice of the 22nd Annual General Meeting and the Annual Report for 2016-2017 will also be available on the Company's website www.gayatrisugars.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: csmunmun@gayatri.co.in / compliance.gayatrisugars@gayatri.co.in.
16. Voting through electronic means
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by M/s. Central Depository Services Limited (CDSL).

The instructions for e-voting are as under:

(A) In case of members receiving e-mail

(I) Instructions for e-voting

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.

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

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

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

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

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

which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:

(i) Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

The e-voting period commences on 26th June, 2017 (09:00 A.M.) and ends on 28th June, 2017 (05:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd June, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 23rd June, 2017.

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

The Scrutinizer, after scrutinising the votes cast at the meeting through poll and through e-voting will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairperson. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.gayatrisugars.com and on the website of www.cdslindia.com. The results shall simultaneously be communicated to the Stock Exchanges.

18. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours 9:00 a.m. to 5:00 p.m. on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

ANNEXURE TO NOTICE
EXPLANATORY STATEMENT
[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 4:

Mr. Raghuraj Suresh Bhalerao is an Practicing Chartered Accountant and Secretary of Telangana Sugar Mills Association.

Mr. Raghuraj Suresh Bhalerao (holding DIN: 07652493) was appointed as an Additional (Independent) Director of the Company with effect from 11th November, 2016 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Mr. Raghuraj Suresh Bhalerao holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

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

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

Except Mr. Raghuraj Suresh Bhalerao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5:

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

Based on the recommendation of the Audit Committee, the Board has, considered and approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants as the cost auditors for the financial year 2017-18 at a remuneration of ₹ 1,50,000 (Rupees One Lakh Fifty Thousand) per annum plus applicable service tax and reimbursement of out of pocket expenses.

The Board recommends this resolution for approval of the Members by way of ratification.

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

By order of the Board
For Gayatri Sugars Limited

Place : Hyderabad
Date : May 29, 2017

(Munmun Baid)
Company Secretary & Compliance Officer

DIRECTORS' REPORT**To the Member(s),**

Your Directors have pleasure in presenting before you the 22nd Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS :

Your Directors are happy to report the operational results of the Company for the year ended 31st March 2017, the details of which are as under:

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Gross Income	24,777.79	25,457.12
Profit/(Loss) Before Interest, Depreciation and Exceptional Item	3,983.33	1,748.60
Finance Charges	2,059.75	2,344.52
Gross Profit/(Loss) before Depreciation and Exceptional Item	1,923.91	(595.92)
Provision for Depreciation	993.66	983.57
Net Profit(Loss) Before Tax and Exceptional Item	929.92	(1,579.49)
Exceptional Item	150.47	227.40
Provision for Tax	—	—
Net Profit/(Loss) After Tax	1,080.39	(1,352.09)
Balance of Profit/(Loss) brought forward	(13,884.97)	(12,532.88)
Add: Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets	—	—
Balance available for appropriation	(12,804.58)	(13,884.97)
Proposed Dividend on Equity Shares	—	—
Tax on proposed Dividend	—	—
Transfer to General Reserve	—	—
Deficit carried to Balance Sheet	(12,804.58)	(13,884.97)

REVIEW OF OPERATIONS:**Performance during the financial year 2016-17:**

Your Directors are pleased to report that during the year under review, the Company crushed 2.09 Lakh Tonnes of Sugar cane and 2.29 Lakh Quintals of Sugar was bagged with an average recovery of 11.12%.

The Company registered a gross turnover of ₹ 24,777.79 Lakhs for the year ended 31st March, 2017 against ₹ 25,457.12 Lakhs for the year ended 31st March, 2016. For the year 2016-17, the Company earned profit of ₹ 3,983.33 Lakhs before Interest, Depreciation and Exceptional item compared to the profit of ₹ 1,748.60 Lakhs for the previous year 2015-16 and earned net profit of ₹ 1,080.39 Lakhs compared to the net loss of ₹ 1,352.09 Lakhs of previous year.

Prospects for the financial year 2017-18:

It is too early to estimate the sugar production for 2017-18 sugar season but good sowing reports and good water availability are indicating good sugar production for 2017-18 season compared to the 2016-17 actual Indian domestic production of 203 lakh tonnes.

2. ALLOTMENT OF 4% SECURED, UNLISTED NON-CONVERTIBLE DEBENTURES:

The Company has allotted 4% Secured, Unlisted Non-Convertible Debentures (NCD'S) on Private Placement basis by way of conversion of outstanding Right of Recompense (ROR) amount of Rs. 695.05 Lakhs payable to the Banks pursuant to the special resolution passed by the shareholders by way of Postal Ballot.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the period under review and the date of Board's Report there was no change in the nature of Business of the Company.

4. DIVIDEND:

As the Company has accumulated losses as at 31st March, 2017, the Directors could not recommend dividend on Preference Shares and also on Equity Shares.

5. BOARD MEETINGS:

During the Financial year 2016-17, the Board met 6 (six) times on 20.05.2016, 13.08.2016, 29.08.2016, 11.11.2016, 16.12.2016 and 10.02.2017.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, there was an casual vacancy due to demise of Sri. S. Venkataswamy, Independent Director of the Company and Mr. Raghuraj Suresh Bhalerao was appointed as an Independent Director to fill the casual vacancy by the Board of Directors in their meeting held on 11th November, 2016, subject to the approval of shareholders in the Annual General Meeting.

There was no change in the composition of Key Managerial Personnel.

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

7. COMMITTEES OF BOARD:

Pursuant to requirement under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board of Directors has constituted various committees of Board such as Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee. The details of Composition and terms of reference of these committees are mentioned in the Corporate Governance Report.

8. POLICY LAID DOWN BY THE NOMINATION AND REMUNERATION COMMITTEE FOR REMUNERATION OF DIRECTORS, KMP & OTHER EMPLOYEES:

Remuneration policy of the Company is performance driven and is structured to motivate Employees. Recognize their merits and achievements and promote excellence in their performance. The Nomination Remuneration and Evaluation Policy of the Company is enclosed as **Annexure-I** of this report.

Manner in Which Formal Annual Evaluation has been made by the Board of its Own Performance and that of its Committees and Individual Directors:

Pursuant to the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out evaluation of (i) its own performance, (ii) the directors individually and (iii) working of its Committees. The manner in which the evaluation was carried out as detailed below:

(a) Nomination & Remuneration Committee: Pursuant to the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee has formulated the criteria for evaluation of directors and evaluated every director. A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgment, safeguarding the interests of the Company etc., and accordingly the evaluation was made. The Members of the Committee evaluated the individual directors at its meeting held on 10.02.2017.

The Nomination and Remuneration Committee decided that since the performance of the directors has been excellent, it is decided to continue with the term of the directors and Managing Director.

(b) Separate Meeting of Independent Directors: The Independent directors of the Company at its meeting held on 10.02.2017 (a) reviewed the performance of the Non-Independent directors and Board, (b) reviewed the performance of the Chairperson of the Company and (c) assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. All the Independent Directors attended the meeting.

A structured questionnaire was prepared after taking into consideration various parameters such as attendance and participation in meetings, monitoring corporate governance practices, independence of judgment, safeguarding the interests of the Company etc., and accordingly, the evaluation was made. The Independent directors evaluated the Non-Independent directors.

The Independent Directors decided that since the performance of the Non-Independent Directors (including Managing Director) is excellent, the term of their appointment be continued.

The Independent Directors after review of the performance of the Chairperson decided that the Chairperson has good experience, knowledge and understanding of the Board's functioning and her performance is excellent. The Independent Directors decided that the information flow between the Company's Management and the Board is excellent.

(c) Evaluation by Board: The Board has carried out the annual performance evaluation of its own performance, the Directors individually (excluding the director being evaluated) as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, effectiveness in developing Corporate Governance structure to fulfill its responsibilities, execution and performance of specific duties etc. The Board decided that the performance of individual directors, its own performance and working of the committees is excellent.

9. DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively except for the material weakness/deficiency.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURES:

There are no Companies which have become or ceased to be its Subsidiaries, Joint Venture or Associate Companies during the year.

11. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT-9 as a part of this Annual Report in **Annexure II**.

12. STATUTORY AUDITORS AND THEIR REPORT:

The Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and they have expressed their unwillingness for re-appointment. M/s. MOS & Associates LLP, Chartered Accountants are being appointed for a period of five years from the conclusion of this Annual General Meeting [AGM] till the conclusion of 27th AGM. Your Board of Directors have recommended the appointment of M/s. MOS & Associates based on the recommendation of the Audit Committee to the members for their approval at the forthcoming Annual general meeting for a term of five years till the conclusion of the 27th AGM.

The Auditors Report to the members of the Company on the financial statements for the financial Year ended 31st March 2017 forming part of this report contain a qualified opinion on estimating the Electricity duty amounting to ₹ 283.99 lakhs as a Contingent Liability and on Internal Financial controls over the Financial Reporting as per note No. 33 & 38 forming part of the financial statements.

13. SECRETARIAL AUDIT:

As per the provisions of the Section 204(1) of the Companies Act, 2013, the Company has appointed Mr. Y. Koteswara Rao, Practising Company Secretary to conduct Secretarial Audit of the records and documents of the Company The Secretarial Audit Report for the Financial Year ended 31st March, 2017 in Form No MR-3 is annexed to the Directors Report as **Annexure - III** and forms part of this Report. The Secretarial Auditors' Report to the Members of the Company for the Financial Year ended March 31, 2017 does not contain any qualification(s) or adverse observations.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The required information as per Sec. 134(3)(m) of the Companies Act 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 is provided hereunder:

A. Conservation of Energy:

i) The steps taken or impact on conservation of energy:

- a) Harmonic filters were installed to stabilize power supply thereby to improve the efficiency of the mills.
- b) Steam saving equipment installed to utilize heat energy from condensate water and evaporator vapours.

ii) Step taken by the Company for utilizing alternate source of energy:

The company doesn't have alternative source of Energy, since the Company has Co-gen power facility.

iii) Capital investment on energy conservation equipments:

During the year, there was ₹ 39.50 Lakhs investment on energy conservation equipment.

B. Technology Absorption:

i) Efforts made towards Technology Absorption:

DC drives were changed to reduce the Power consumption.

ii) The benefit derived like product improvement, cost reduction, product development or import substitution, etc.

Benefit derived by changing the DC drives will be approximately ₹ 7.5 Lakhs.

iii) Details of Technology imported during the last 3 years reckoned from the beginning of the financial year:

During the period of last three years, there was no import of Technology.

iv) Expenditure incurred on Research & Development:

There was no expenditure incurred on Research and Development.

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings : NIL

Foreign Exchange Outgo : NIL

15. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company's internal control system is aimed at proper utilisation and safeguarding of the Company's resources and promoting operational efficiency. The internal audit process reviews the in-system checks, covering significant operational areas regularly.

The Company's Audit Committee is responsible for reviewing the Audit Report submitted by the Internal Auditors. Suggestions for improvements are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee also invites the Statutory and Internal Auditors for regular meetings to ascertain their views on the adequacy of internal control systems and keeps the Board of Directors informed of its observations from time to time.

The statutory auditors had a qualified opinion on the Internal financial controls over the financial reporting stating that material weakness has been identified as at March 31, 2017 in the Company relating to deficiency in internal financial controls over financial reporting in respect of certain reconciliations between various accounting systems and on assessment of estimating potential liability relating to a disputed matter.

The Management conducted an assessment of the effectiveness of the internal control over financial reporting using the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on this assessment, Management identified a deficiency in the internal control over financial reporting, that constitutes a material weakness, in respect of certain reconciliations between various accounting systems.

The Company uses various subsystems, the output from which is being used for accounting in the financial package maintained by the Company. Consequent to certain deficiencies in IT General and Application controls in the software platforms used for financial reporting, there were differences in balances between sub-systems / sub- ledgers with the general ledger, which have been manually reconciled by the Company. Whilst necessary adjustment entries were passed in the books of account for the year ended 31st March 2017 and these material weakness did not affect on the financial statements, except assessment of estimating the liability on a disputed matter. The management is of the view that the Electricity Duty payable on Captive Consumption is a contingent in nature and no provision is required to be made.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

LOANS:

The Company has not given any loans during the year under review.

GUARANTEES:

After the closure of Financial year and as on the date of Board's Report the Company has extended the following guarantees :

S. No.	Name of the Entity	Details
1.	Telangana Grameena Bank	Corporate Guarantee for the Term Loan up to a limit of ₹ 1.00 Lakh to each farmer to be sanctioned to the Cane Growers / Cane Suppliers.
2.	Jain Irrigation Systems Limited	Corporate Guarantee for ₹ 0.90 Crs on behalf of the cane suppliers for the purchase of PVC Pipes and Drip Irrigation Equipment by cane suppliers.

The Guarantees given by the Company for availing loans from the Banks is not considered, since the liability is already appearing in the Books of Accounts.

INVESTMENTS:

The Company has not made any investments during the period under review.

17. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report is annexed which forms part of this Report as **Annexure -IV.**

18. RISK MANAGEMENT POLICY:

The Company has been addressing various risks impacting the Company and developed risk policy and procedures to inform Board members about the risk assessment and minimization procedures.

19. WHISTLE BLOWER POLICY/VIGIL MECHANISM:

Pursuant to Section 177 of the Companies Act, 2013 and the Rules framed there under and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has established a mechanism through which all the stakeholders can report the suspected frauds and genuine grievances to the appropriate authority. The Whistle Blower Policy which has been approved by the Board of Directors of the Company has been hosted on the website of the Company at <http://www.gayatrisugars.com/Investors/CorporateGovernance/Policies>.

20. DISCLOSURE AS PER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 read with Rules thereunder, the Company has not received any complaint of sexual harassment during the year under review.

21. CORPORATE SOCIAL RESPONSIBILITY POLICY:

Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013 is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy but the Company is involved in some of the social activities like organizing health camps, providing drinking water facility and fumigation in the nearby villages of the factories.

22. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

- (i) Demand of ₹ 138.82 lakhs was raised by the Commissioner of Customs, Central Excise & Service Tax, Hyderabad-1 Commissionerate, being the amount equal to 10% or 5% of the value of Exempted goods i.e Electricity sold by the company for the period Nov-2006 to Dec-2010 in the case of Kamareddy Unit and for the period March-2006 to March-2012 in the case of Nizamsagar Unit.

Electricity is not an exempted product and as such the provision of rule 6(1), 6(2) and 6(3) of CCR 2004 are not applicable. The CENVAT credit availed on common inputs and utilised in the production of Electricity is required to be reversed to the extent of such inputs / input services utilised in generation of Electricity. Since the company reversed the CENVAT credit to the extent of such value utilised in electricity generation, the demand under rule 6(1), 6(2) & 6(3) of the CCR, 2004 is not sustainable in law in the light of the judicial decisions by various H'ble tribunals.

The requirement of pre deposit of the balance dues is waived and stay against recovery is granted during the pendency of the appeal by the Customs, Excise & Service Tax Appellate Tribunal (CEASTAT), Bangalore.

23. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The policy on dealing with Related Party Transactions is disseminated on the website of the company at [http://www.gayatrisugars.com/Investors/ Corporate Governance/Policies](http://www.gayatrisugars.com/Investors/Corporate%20Governance/Policies).

The details of Related Party Transactions entered by the company in the ordinary course of business at arms length basis are detailed in the notes forming part of the financial statements.

24. FIXED DEPOSIT:

Your Company has not accepted or renewed any deposit from public during the year under review.

25. DISCLOSURE ABOUT COST AUDIT:

As per section 148 of the Companies Act, 2013 and rule 14 of the Companies (Audit and Auditors) Rules, 2014, Company requires to appoint Cost Auditor. The Board of directors and the Audit Committee of the Board has approved the appointment of M/s. Narasimha Murthy & Co., as Cost Auditor to audit the cost records of Sugar, Power and Distillery division of the Company for the financial year 2017-18 the same has been proposed to the shareholders for approval.

26. PARTICULARS OF EMPLOYEES:

Details in respect of remuneration paid to employees as required under Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary at the Registered Office of the Company.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed in **Annexure - V** and forms part of this Report.

27. LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to Bombay Stock Exchange where the Company's Shares are listed.

28. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is included as a part of this Annual Report as **Annexure -VI**. Certificate from the practicing Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under aforesaid regulations is attached to this report.

29. ACKNOWLEDGEMENTS:

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders, clients, financial institutions, Banks, Central and State Governments, the Companies' valued investors and all other business partners for their continued co-operation and excellent support received during the year.

Yours Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

For and on behalf of the Board

(T. SARITA REDDY)

Managing Director
DIN: 00017122

(T.V. SANDEEP KUMAR REDDY)

Vice Chairman
DIN: 00005573

(V.R. PRASAD)

Chief Financial Officer

(MUNMUN BAID)

Company Secretary &
Compliance Officer

Place : Hyderabad

Date : May 29, 2017

ANNEXURE -I

NOMINATION, REMUNERATION & EVALUATION POLICY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted Remuneration Committee comprising of three non-executive Independent Directors as required under Listing Agreement. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 26 May, 2014 changed the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee."

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

II. OBJECTIVE

The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

III. DEFINITIONS

- "Board" means Board of Directors of the Company.
- "Company" means "Gayatri Sugars Limited."
- "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- "Key Managerial Personnel" (KMP) means
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer as may be prescribed.
- "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- "Policy or This Policy" means, "Nomination and Remuneration Policy."

- "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

V. GUIDING PRINCIPLES

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

VI. ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of every Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To devise a policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

VII. MEMBERSHIP

- The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. CHAIRMAN

- Chairman of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

X. COMMITTEE MEMBERS' INTERESTS

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. VOTING

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

XII. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **Appointment criteria and qualifications:**
 1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
 3. The Company shall not appoint or continue the employment of any person as Managing

Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- **Term / Tenure:**

1. Managing Director/Whole-time Director/Manager (Managerial Person):

The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:**

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XIII. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

- **General:**

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Managerial Person, KMP and Senior Management:**

1. **Fixed pay:**

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. **Provisions for excess remuneration:**

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such

sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non-Executive / Independent Director:**

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration/Commission:

Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

XIV. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

XV. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

ANNEXURE - II

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN :	L15421TG1995PLC020720
(ii)	Registration Date :	15/06/1995
(iii)	Name of the Company:	Gayatri Sugars Limited
(iv)	Category / Sub-Category of the Company:	Company Limited by Shares/Indian Non Government Company
(v)	Address of the Registered office and contact details:	B2, 2 nd Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad, Telengana-500082.
(vi)	Whether listed company :	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Venture Capital And Corporate Investments Private Limited.12-10-167, Bharat Nagar, Hyderabad, 500018, Phone : +91 040 23818475/23818476/23868023 Fax : +91 040-23868024

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of theCompany
1	Sugar	15421	86.69%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Nil	Nil	Nil	Nil	Nil

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year(01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	13812353	—	13812353	31.60	13812353	—	13812353	31.60	—
(b) Central Govt	—	—	—	—	—	—	—	—	—
(c) State Govt (s)	—	—	—	—	—	—	—	—	—
(d) Bodies Corp.	11228535	—	11228535	25.69	11228535	—	11228535	25.69	—
(e) Banks / FI	—	—	—	—	—	—	—	—	—
(f) Any Other	—	—	—	—	—	—	—	—	—
Sub-Total (A) (1)	25040888	—	25040888	57.30	25040888	—	25040888	57.30	—
(1) Foreign									
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
(b) Other - Individuals	—	—	—	—	—	—	—	—	—
(c) Bodies Corp.	—	—	—	—	—	—	—	—	—
(d) Banks / FI	—	—	—	—	—	—	—	—	—
(e) Any Other....	—	—	—	—	—	—	—	—	—
Sub-Total (A) (2)	—	—	—	—	—	—	—	—	—
Total Shareholding of Promoter(A) = (A) (1) + (A) (2)	25040888	—	25040888	57.30	25040888	—	25040888	57.30	—
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	—	—	—	—	—	—	—	—	—
(b) Banks/FI	—	—	—	—	—	—	—	—	—
(c) Central Govt	—	—	—	—	—	—	—	—	—
(d) State Govt (s)	—	—	—	—	—	—	—	—	—
(e) Venture Capital funds	—	—	—	—	—	—	—	—	—
(f) Insurance Companies	—	—	—	—	—	—	—	—	—
(g) FII's	—	—	—	—	—	—	—	—	—
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Others (Specify)	—	—	—	—	—	—	—	—	—
Sub-Total (B)(1)	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year(01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
(a) Bodies Corp									
i. Indian	9002073	—	9002073	20.60	8512430	0.00	8512430	19.48	(1.12)
ii. Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	6587391	34858	6622249	15.15	6296956	28426	6325382	14.47	(0.68)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2761684	25451	2787135	6.38	3641464	—	3641464	8.33	1.95
(C) Others (Specify)									
Non Resident Individuals	28659	—	28659	0.06	64544	—	64544	0.15	0.08
Clearing Member	222639	—	222639	0.51	118935	—	118935	0.27	(0.24)
Sub-Total (B)(2)	18602446	60309	18662755	42.70	18634329	28426	18662755	42.70	(0.01)
Total Shareholding of	18602446	60309	18662755	42.70	18634329	28426	18662755	42.70	(0.01)
C. Shares held by custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total(A+B+C)	43643334	60309	43703643	100	43675217	28426	43703643	100	(0.01)

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(ii) Shareholding of Promoters:

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	
1	Gayatri Projects Limited	1163607	2.66	—	1163607	2.66	—	—
2	Gayatri Fin-holdings Pvt Ltd	7169450	16.40	—	7169450	16.40	—	—
3	T.S.R. Holdings Pvt Ltd	2895478	6.63	—	2895478	6.63	—	—
4	Subbarami Reddy Tikkavarapu	3255814	7.45	—	3255814	7.45	—	—
5	Sandeep Kumar Reddy Tikkavarapu	6763031	15.47	9.72	6763031	15.47	9.72	—
6	Indira Subbaramireddy Tikkavarapu	3793508	8.68	8.35	3793508	8.68	8.35	—
	Total	25040888	57.30	18.08	25040888	57.30	18.08	—

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	25040888	57.30	25040888	57.30
	Date wise Increase /Decrease in PromotersShare holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	There is no Increase/Decrease in the promoters' shareholding during the year.			
	At the End of the year	25040888	57.30	25040888	57.30

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (at the end of the year 31-03-2017)	
			No. of shares	of total % shares of the company	No. of shares	% of total shares of the company
1.	Mohan Project Contractors Private Limited					
	At the beginning of the year		7695789	17.61	7695789	17.61
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)	Reason			
	08/04/2016	(3000)	Sale		7692789	17.60
	27/05/2016	(30000)	Sale		7662789	17.53
	07/10/2016	(35000)	Sale		7627789	17.45
	14/10/2016	(30000)	Sale		7597789	17.38
	21/10/2016	(50000)	Sale		7547789	17.27
	04/11/2016	(25000)	Sale		7522789	17.21
	At the End of the year (or on the date of separation, if separated during the year)				7522789	17.21
2.	Marg Biotech Private Limited					
	At the beginning of the year		920023	2.11	920023	2.11
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)	Reason			
	22/04/2016	29981	Purchase		950004	2.17
	20/05/2016	(44877)	Sale		905127	2.07
	27/05/2016	(184052)	Sale		721075	1.65
	21/10/2016	(721075)	Sale		—	—
	At the End of the year (or on the date of separation, if separated during the year)				—	—
3	Hetal Vinesh Patel					
	At the beginning of the year		277014	0.63	277014	0.63
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)	Reason			
	13/01/2017	(11014)	Sale		266000	0.61
	20/01/2017	(70000)	Sale		196000	0.45

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	03/02/2017	(30000)	Sale		166000	0.38
	10/02/2017	(60000)	Sale		106000	0.24
	17/02/2017	(9830)	Sale		96170	0.22
	24/03/2017	(69006)	Sale		27164	0.06
	31/03/2017	(27164)	Sale		—	—
	At the End of the year (or on the date of separation, if separated during the year)				—	—
4	Lalitha Rajesh Ranka					
	At the beginning of the year		140391	0.32	140391	0.32
	No increase / Decrease in Share holding during the Year.					
	At the End of the year (or on the date of separation, if separated during the year)				140391	0.32
5	Utkarsh Manoharlal Maloo					
	At the beginning of the year		131776	0.30	131776	0.30
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)	Reason			
	27/05/2016	(50000)	Sale		81776	0.19
	01/03/2017	(15800)	Sale		65976	0.15
	At the End of the year (or on the date of separation, if separated during the year)				65976	0.15
6	Devang Rasiklal Dagli					
	At the beginning of the year		100000	0.23	100000	0.23
	Date	Transactions(sales/ purchase)	Reason			
	30/09/2016	(100000)	Sale		—	—
	At the End of the year (or on the date of separation, if separated during the year)				—	—
7	Sandhya Ashokkumar Dhoot					
	At the beginning of the year		76817	0.18	76817	0.18
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)	Reason			
	15/04/2016	54601	Purchase		131418	0.30
	29/04/2016	500	Purchase		131918	0.30
	06/05/2016	3252	Purchase		135170	0.31
	13/05/2016	1558	Purchase		136728	0.31
	20/05/2016	(1)	Sale		136727	0.31
	04/11/2016	(100)	Sale		136627	0.31
	06/01/2017	28250	Purchase		164877	0.38
	13/01/2017	2500	Purchase		167377	0.38
	At the End of the year (or on the date of separation, if separated during the year)				167377	0.38

8	SSJ Finance & Securities Pvt. Ltd					
	At the beginning of the year		65868	0.15	65868	0.15
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)	Reason			
	09/09/2016	(198)	Sale		65670	0.15
	04/11/2016	(49699)	Sale		15971	0.04
	At the End of the year (or on the date of separation, if separated during the year)				15971	0.04
9	Mitee Amitkumar Shah					
	At the beginning of the year		64800	0.15	64800	0.15
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)	Reason			
	27/05/2016	(2000)	Sale		62800	0.14
	At the End of the year (or on the date of separation, if separated during the year)				62800	0.14
10	Jatin Ramesh Shah					
	At the beginning of the year		61269	0.14	61269	0.14
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)	Reason			
	08/04/2016	7766	Purchase		69035	0.16
	13/05/2016	1500	Purchase		70535	0.16
	20/05/2016	1000	Purchase		71535	0.16
	02/12/2016	2000	Purchase		73535	0.17
	27/01/2017	1300	Purchase		74835	0.17
	At the End of the year (or on the date of separation, if separated during the year)				74835	0.17

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	For Each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	of total % shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1.TV. Sandeep Kumar Reddy 2.T. Indira Subbarami Reddy 3. V.R. Prasad	6763031 3793508 25451	15.47 8.68 0.06	6763031 3793508 25451	15.47 8.68 0.06
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	There is no Increase/Decrease in the Directors shareholding during the year. Further Mr. V.R. Prasad (CFO) has bought 6353 shares and sold 25000 shares during the financial year.				
		Mr. V.R. Prasad				
		Date	Transactions(sales/ purchase)		Reason	
		30/04/2016	6353		Purchase	
		07/10/2016	25000		Sale	
	At the End of the year	1.TV.Sandeep Kumar Reddy 2.T.Indira Subbarami Reddy 3. V.R. Prasad	6763031 3793508 6804	15.47 8.68 0.01	6763031 3793508 6804	15.47 8.68 0.01

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount ₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,785.16	2259.85	—	17,045.01
ii) Interest due but not paid	1,332.64	—	—	1,332.64
iii) Interest accrued but not due	399.05	—	—	339.05
Total (i+ii+iii)	16,516.85	2259.85		18,776.70
Change in Indebtedness during the financial year				
Addition	695.05	—	—	695.05
Reduction	2028.62	—	—	2028.62
Net Change	(1333.57)	—	—	(1333.57)
Indebtedness at the end of the financial year				
i) Principal Amount	13,665.22	2,259.85	—	15,925.07
ii) Interest due but not paid	1,242.81	—	—	1,242.81
iii) Interest accrued but not due	275.25	—	—	275.25
Total (i+ii+iii)	15,183.28	2,259.85		17,443.13

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount ₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of Managing Director	Total Amount
		T.SARITA REDDY	
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27.00	27.00
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	11.63	11.63
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission - as % of profit - others, specify...	—	—
5	Others, please specify Provident Fund Contribution	3.24	3.24
	Total (A)	41.87	41.87
	Ceiling as per the Act	—	84.00

B. Remuneration to other Directors:

(Amount ₹ in Lakhs)

S.No	Particulars of Remuneration	Name of Directors			Total Amount
		TR Rajagopalan	S Venkataswamy	J N Karamchetty	
	1.Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	0.22	0.03	0.22	0.47
Total (1)		0.22	0.03	0.22	0.47
		T Indira Subbarami Reddy	T V Sandeep Kumar Reddy	Raghuraj Suresh Bhalerao	
	2. Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	0.18	0.08	0.15	0.41
Total (2)		0.18	0.08	0.15	0.41
Total (B) = (1)+(2)					0.88
Total Managerial Remuneration					0.88
Overall Ceiling as per the Act		—	—	—	—

C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD:

(Amount ₹ in Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	3.70	17.15	20.85
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission- as % of profit- others, specify...	—	—	—	—
5	Others, please specify	—	—	—	—
	Total (A)	—	3.70	17.15	20.85

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type Act	Section of theCompanies	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any(give Details)
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
C. OTHER OFFICERS IN DEFAULT			NIL		
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

For and on behalf of the Board

(T. SARITA REDDY)
Managing Director
DIN: 00017122

(T.V. SANDEEP KUMAR REDDY)
Vice Chairman
DIN: 00005573

(V.R. PRASAD)
Chief Financial Officer

(MUNMUN BAID)
Company Secretary &
Compliance Officer

Place: Hyderabad

Date: May 29, 2017

Y. KOTESWARA RAO
Practicing Company Secretary

H.No. 48-345, Ganeshnagar Colony,
Chinthal, HMT Road,
Hyderabad - 500 054.
Phone : 040-40210182 (Office)
Cell : 98491-69831

ANNEXURE –III

FORM NO.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s. Gayatri Sugars Limited
Hyderabad, Telangana State.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Gayatri Sugars Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I, hereby report that in my opinion, the company has, during the audit period ended on 31st March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Gayatri Sugars Limited** for the period ended on 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (**the Act**) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October, 2014 (**Not Applicable during the audit period**);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable during the audit period**);

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable during the audit period**) and;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable during the audit period**);

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 etc mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the following laws applicable specifically to the Industry to which the Company belongs, as identified by the management, that is to say;

- a) Sugar Cess Act, 1982
- b) Food Safety and Standards Act, 2006
- c) Essential Commodities Act, 1955
- d) Boilers Act, 1923
- e) Export (Quality Control and Inspection) Act, 1963 (**as intimated by the Company, not applicable to it during the audit period under review**)
- g.) Agricultural and Processed Food Products Export Act, 1986 (**as intimated by the Company, not applicable to it during the audit period under review**)

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance except when board meetings were called by giving less than seven days notice in accordance with the provisions of section 173 of the act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings and Committee Meetings are carried out and are recorded in the minutes of the meeting of the Board of Directors or Committee of the Board as the case may be and majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that as far as possible, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Hyderabad
Date: May 29, 2017

Y. KOTESWARA RAO
ACS No.:3785
C.P. No.: 7427

Note: This report is to be read with my letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.

Y. KOTESWARA RAO
Practicing Company Secretary

H.No. 48-345, Ganeshnagar Colony,
Chinthal, HMT Road,
Hyderabad - 500 054.
Phone : 040-40210182 (Office)
Cell : 98491-69831

'ANNEXURE A'

To,
The Members
M/s. GAYATRI SUGARS LIMITED
Hyderabad, Telangana State

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices that, I have followed has provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad
Date: May 29, 2017

Y. KOTESWARA RAO
ACS No.:3785
C.P. No.: 7427

ANNEXURE - IV

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE AND DEVELOPMENTS :

Global scenario

Sugar is one of the world's major agro-based industries and is also one of the most actively traded soft commodities on the exchanges. Brazil, India, the EU, China and Thailand rank amongst the top global producers of sugar. Around 80% of the sugar is produced from sugarcane while the balance is from sugar beet. Brazil and India are the largest sugar producers from sugarcane and EU and U.S are the major sugar producers from beet. India, the EU, China, Brazil and U.S are the major sugar consuming countries.

Global trends in sugar

The global sugar production for the sugar year 2016-17 is up 5 million metric tonnes (raw value) to 171 million as gains in Brazil and the European Union and most of the top 25 producers more than offset declines in India and Thailand. Global raw sugar monthly average prices, after falling for over a year and bottoming at less than 11 cents per pound in August 2015, have been trending higher to near 23 cents in October 2016. Despite high prices, consumption is forecast at a record 174 million tonnes, drawing stocks down to the lowest level since 2010-11. The global sugar deficit narrows from 6.7 million tonnes in 2015-16 to a forecast 2.6 million. Despite production gains in 2016-17, low stock levels portend another year of rebuilding supplies amid strong prices.

Domestic Scenario

ICRA expects domestic sugar production to decline to 23.0 million MT during sugar year 2017 (SY2017), a decline of around 9% over the previous year. This is largely on account of lower cane availability in Maharashtra and Karnataka due to poor monsoons last year. Although the monsoons are likely to be better this year, the impact on the cane output is likely to be seen only in SY2018, given the growing period (12 months) of sugarcane. The expected decline in the sugar production during SY2017, coupled with the decline in the domestic sugar stocks during SY2016 and the impact of global sugar deficit scenario has firmed up the domestic sugar price to Rs. 36,200/MT in October 2016, although there was a dip in November following demonetisation and arrival of the new crop.

Price of Sugar Cane

The cane price for the current sugar season have been either stable or shown a modest increase. For SY2017, the FRP is fixed at Rs. 230/quintal, which is at the same level as that of the previous year. The UP Government has, through a November 18, 2016 order, announced a Rs. 25/quintal (qtl) increase in the state-advised price (SAP) of sugarcane for the sugar year (SY) 2016-17 (October-September season). At these prices, ICRA expects the landed cost of cane (inclusive of basic SAP, taxes and levies and inward freight costs) to be around Rs. 321-325/qtl. According to ICRA's estimates, with the new cane prices, the cane cost of production for sugar is likely to increase by around Rs. 2500/MT vis-a-vis SY2015-16 and stand at around Rs. 28500-30500/MT, given that the recovery rates for most UP-based sugar mills range between 10.5% and 11.5%. ICRA, however, notes that for SY2016-17, mills will have to pay the entire cane price upfront, unlike in SY2015-16, when mills were given the flexibility of paying Rs. 50/quintal (out of the total basic SAP of ₹ 280/qtl) within a period of 90 days. This may have some short-term liquidity impact on mills, which are financially weaker and relatively more levered. On the positive side however, ICRA expects the UP-based sugar mills to continue to report steady sugar realisations (currently

at ₹ 35,500/MT) in the near-term, given the supply deficit, both domestically and globally. This apart, these mills are likely to continue to derive benefits from the relatively healthy recovery rates (estimated at between 10.0-11.5% for most mills in SY2015-16 and SY2016-17 - ICRA projected - as against the sub 10% levels seen in the previous two to three years, on the back of cane development activities undertaken in the recent past, which resulted in better varietal mix. Margins are likely to come down somewhat from the levels seen in the previous two quarters (Apr-Sep 2016) and they are still likely to be satisfactory for most efficient and forward integrated sugar mills over the next two to three quarters.

OPPORTUNITIES AND THREATS:

Opportunities:

The long term outlook for sugar remains positive and promising on account of:

- Mandatory blending of Ethanol with petrol will boost the revenue of sugar mills and profitability.
- Growing energy consumption in India allowing the sugar industry to play a vital role.
- Environmental friendly power generated by Cogeneration Units equipped with high-pressure boilers and turbines that intelligently use the fuel to get optimum energy output.
- Expected flow of funds from Trading of Renewable Energy Certificate (REC).
- More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- Growing demand for bio manure, which works as the perfect soil conditioner Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.
- Sugar weightage in WPI.

Threats:

Sugar industry is at present confronted by the following threats:

- Dearth in availability of farm labour for harvesting, transportation, loading and unloading of sugar cane and sugar.
- The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available.
- Short crushing season.
- Shrinkage of sugarcane area under cultivation due to growing urbanisation and availability of many alternate cash crops.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

Sugar:

During the year under review, the crushing operations for the crushing season 2016-17 were started at Kamareddy Unit on 5th December 2016 and closed the operations on 8th February, 2017. The operations at Nizamsagar Unit started on 5th December 2016 and closed on 18th January, 2017.

During the Crushing Season 2016-17, at both the units, 2.09 Lakh Tonnes of Sugar Cane was crushed and 2.33 Lakh Quintals of sugar produced with an average recovery of 11.12% comparing to the previous season figures of 6.56 Lakh Tonnes of Sugar Cane and Sugar of 7.42 Lakh Quintals with an average recovery of 11.31%. In detail, at Kamareddy Unit, 1.59 Lakh Tonnes of Sugar Cane was crushed (Previous Season 3.93 Lakh Tonnes) and produced sugar of 1.80 Lakh Quintals (Previous Season 4.40 Lakh Quintals) with an Average Recovery of 11.31% (Previous Season 11.20%) and at Nizamsagar Unit 0.50 Lakh Tonnes (Previous Season 2.62 Lakh Tonnes) of Sugar Cane and produced sugar of 0.52 Lakhs Quintals (Previous Season 3.02 Lakh Quintals) with an Average Recovery of 10.25% (Previous Season 11.48%).

Distillery:

During the Financial Year, the Distillery unit produced Rectified Spirit (RS) of 15.99 Lakh Liters and Impure Spirit (IS) of 1.95 Lakh Liters and Ethanol of 42.80, totally 60.74 lakh Liters (compared to the previous year of Rectified Spirit (RS) of 50.70 Lakh Liters and Impure Spirit (IS) 1.86 Lakhs and Ethanol of 17.34, totally 69.90 lakh Liters).

Power:

The Export of Power during the crushing season 2016-17 was to the extent of 44.93 Lakh kwh (Kamareddy Unit 19.23 Lakh kwh & Nizamsagar Unit 25.70 lakh kwh) as compared to the previous year season of 214.07 Lakh kwh (Kamareddy Unit 55.12 Lakh kwh & Nizamsagar Unit 158.95 lakh kwh).

Manufacturing:

The Company is continuously implementing better manufacturing methods to increase operational efficiencies and to eliminate process losses.

OUTLOOK:

The industry forecast for 2016-17 was lower than the government estimate of 22.5 million tonnes. The latest production estimate 5% lower than ISMA's earlier estimate released in January and 13% lower than what was estimated in September last year implies sugar prices may rise in the coming months, which could force the government to cut import duties.

RISKS AND CONCERNS:

The major risks faced by Sugar business are the availability of cane, regulatory risks, price of sugar and that of sugar cane. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and works out their mitigation strategy. Sugarcane is the key raw material for sugar and any difficulty in getting cane at right time will have impact on the business. The key factors that influence cane availability are climatic condition, availability of cane harvesting labour and farmers opting competitive crops.

The sugar industry is regulated by the central and state governments. The risks of rising prices of sugar cane and volatility in sugar prices are expected to be met by a number of measures viz. improving the yield, increasing the cane cultivation and improving the operating efficiency etc. besides effort to increase the revenue from the byproducts.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has well-established processes and clearly-defined roles and responsibilities for people at various levels. The control mechanism also involves well documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses. Adherence to these processes is ensured through

frequent internal audits and adequate and effective internal audit system that employs periodic checks on on-going process. The internal audits conducted are reviewed by the Audit Committee and requisite guidelines and procedures augment the internal controls. The internal control system is designed to ensure that financial and other records are reliable for preparing financial statements and other information which ensures that all transactions are properly reported and classified in the financial records.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the Financial Year 2016-17, the Overall performance of the Company both the units viz. Kamareddy and Nizamsagar put together are as under:

Production:

Details	Financial Year 2016-17
Total Cane Crushed	2,09,482 Tonnes
Sugar Production	2,29,880 Quintals
Recovery	11.12 %
Molases production (Tonnes)	7,021 Tonnes
Power Exported (lakh units)	44.93 lakh Units
Distillery Unit: Ethanol	42.80 lakh Liters
Rectified Spirit (RS), Impure Spirit (IS)	17.94 lakh Liters

Financial Review:**Capital:**

There was no increase in the capital structure of the Company.

Net Worth:

The net worth of the Company eroded due to losses incurred by the Company in the previous years.

Long Term Debt:

The Long Term Borrowings including current maturities of the Company decreased from ₹ 10,613.66 lakhs to ₹ 10,060.90 lakhs with a net effect of ₹ 552.76 lakhs. The Company has repaid the Term Loan to an extent of ₹ 1,247.81 lakhs and has also issued NCD's amounting to ₹ 695.06 lakhs by converting ROR amount of ₹ 695.05 lakhs with a net effect of ₹ 552.76 lakhs.

Working Capital:

There was no additional working capital borrowings during the year.

Gross Block of Assets:

The gross block of the Company was increased from ₹ 26,183.53 lakhs to ₹ 26,281.00 lakhs because of capital expenditure incurred on ethanol plant. During the year, the Company provided depreciation and amortization of ₹ 993.66 lakhs as per the provisions of Schedule II of the Companies Act, 2013.

Inventories:

The value of inventories stood at ₹ 4,055.68 lakhs as at 31st March, 2017 against ₹ 13,238.81 lakhs as at 31st March, 2016. The increase was due to higher sugar price.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

In a challenging and competitive environment, the Company believes that people are the key to success and continues to focus on people capabilities by leveraging technology and creating a learning environment. The Human Resources function proactively develops innovative and business focused methods to attract, develop, motivate and retain talent. Human resources strategy is closely aligned to key business and stems from the organisation purpose which is - "To build Credible, Reliable & Capable Human Capital to deliver superior Individual and Business performance". This vision is delivered by a high level of policy deployment initiatives and contemporary HR practices focusing key imperatives such as Capability Development, Talent Management, Employee Engagement, Productivity & Cost and HR excellence.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CAUTIONARY STATEMENT:

The management discussion and analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Your Company's operation may inter-alia be affected by the supply and demand situations, input price and the availability, changes in the government regulations, tax laws and other factors. The Company cannot guarantee the accuracy of the assumptions and perceived performance of the Company in future.

ANNEXURE - V

REPORT ON REMUNERATION TO DIRECTORS AND EMPLOYEES IN TERMS OF RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION RULES) 2014

a) Managerial Remuneration:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Sl.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Ms. T. Sarita Reddy	19.43:1

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sl.	Name of the KMP	Percentage increase in remuneration
1.	Mr. V.R. Prasad, CFO	5.28%
2.	Ms. Munmun Baid	2.78%

- (iii) The percentage increase in the median remuneration of employees in the financial year : 8.10%

- (iv) The number of permanent employees on the rolls of company: 580 Employees

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

- Average percentile increase in the salaries of the employees other than the managerial personnel in the last financial year is 9.19% and there has been increase in the managerial remuneration during the last financial year.

- (vi) The key parameters for any variable component of remuneration availed by the directors; Nil

- (vii) Affirmation that the remuneration is as per the remuneration policy of the company.- Yes

- b)** There are no Employees drawing remuneration more than ₹ 1,02,00,000 per annum if employed throughout the financial year and ₹ 8,50,000 per month, if employed for the part of the financial year during the year.

ANNEXURE - VI

CORPORATE GOVERNANCE REPORT

(As required by Regulation 34 read with schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

A. MANDATORY REQUIREMENTS

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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.

Company has adopted Code of Conduct which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code. The Company is in full compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B. Board of Directors

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

i) Composition and category of directors as on 31st March 2016

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 Chairperson.

Key information pertaining to Directors as on 31st March, 2017

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	Mrs. T. Indira Subbarami Reddy	Ms. T. Sarita Reddy	Mr. T. V. Sandeep Kumar Reddy	Mr. T.R. Rajagopalan	Mr. T. Venkata-swamy	Mr. J.N. Karamchetti	Mr. Raghuraj Suresh Bhalerao
Category	Chairperson Promoter Director	Managing Director	Non-Executive Director	Independent 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	30/01/2001	30/09/2014	11/11/2016
No. of other Directorships	19	19	16	3	—	4	—
Chairmanship in Committees of Board of other Companies*	—	1	1	1	—	2	—
Membership in Committees of Board of other Companies*	1	2	3	1	—	4	—
No. of Board Meetings held / attended	6/6	5/6	4/6	6/6	3/3	6/6	3/3
Attendance at the last AGM held on September 26, 2016	No	Yes	No	Yes	No	No	NA
No. of Shares Held as on 31/03/2017	37,93,508	—	67,63,031	—	—	—	—
Inter-se relationship	Mother of T. V. Sandeep Kumar Reddy and Mother in law of T. Sarita Reddy	Spouse of T.V. Sandeep Kumar Reddy and Daughter in law of T. Indira Subbarami Reddy	Son of T. Indira Subbarami Reddy and spouse of T. Sarita Reddy	—	—	—	—

* includes only membership and chairmanship in Audit and Stakeholder Relationship Committee

Details of the familiarization programmes imparted to Independent Directors are disclosed in the company's website: <http://www.gayatrisugars.com/CorpPolicies.html>

BOARD MEETINGS:

Our Secretarial Department in consultation with the Key Managerial Personnels, Managing Director and with Board Governance decided the dates on Board Meetings, the schedule of Board Meetings

and Board Committee Meetings are communicated in advance to all the Directors to enable them to schedule their meetings.

Our Board met 6 times in the Financial Year 2016-17 on 20.05.2016, 13.08.2016, 29.08.2016, 11.11.2016, 16.12.2016 and 10.02.2017.

Details in pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the Director	T.V. Sandeep Kumar Reddy	Raghuraj Suresh Bhalerao
Director Identification No	00005573	07652493
Date of Birth	20.04.1967	25.05.1958
Date of appointment	15.06.1995	11.11.2016
Occupation	Industrialist	Chartered Accountant
Relationship between directors inter-se	Son of T. Indira Subbarami Reddy and spouse of Ms. T. Sarita Reddy.	No Inter-se Relationships
Nature of expertise in specific functional area	25 years of experience in the construction industry	Chartered Accountant
Directorship in Listed Entities	Gayatri Bioorganics Limited Gayatri Sugars Limited Gayatri Projects Limited	
Membership of Committees of other Listed Companies (includes only Audit Committee and Stakeholders Relationship Committee)	2	—
Shareholding in the Company	67,63,031	Nil

The Company Secretary prepares the Agenda and Explanatory notes, in consultation with the Chairperson and Managing Director for each meeting and circulates the same in advance to the Directors. A tentative annual calendar for the meetings of the Board and Audit Committee to be held in each quarter has been circulated to facilitate and assist the Directors to plan their schedules for the meetings for meaningful, informed and focused decisions. Every Director is free to suggest the inclusion of items on the agenda. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the Company. Additional meetings are held, when necessary. The draft minutes of the proceedings of the Board of Directors are circulated in advance and the comments, if any, received from the Directors are incorporated in the minutes in consultation with the Chairperson. Senior executives are invited to provide additional inputs at the Board Meeting for the items being discussed by the Board of Directors, as and when necessary.

The Company has an effective post meetings follow up, review and reporting process mechanism for the decisions taken by the Board/Committees. Action taken report on decisions of the previous

meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the members.

The Company Secretary while preparing the agenda notes, minutes etc., of the meeting is responsible for and is required to ensure adherence to all applicable laws, rules, regulations including the Companies Act, 2013 read with rules made there under.

III. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the Regulations 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

i) Powers of Audit Committee:

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain an outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

ii) Role of Audit Committee:

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

iii) Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 4. Internal audit reports relating to internal control weaknesses; and
 5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- iv) The previous Annual General Meeting of the Company was held on 26.09.2016 and Chairman of the Audit Committee, attended previous AGM.
- v) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: 20.05.2016, 13.08.2016, 11.11.2016 and 10.02.2017. The maximum gap between any two meetings is not more than 4 months.

Audit Committee Meetings and Attendance:

Name	Designation	Category	No. of Audit Committee meetings	
			Held	Attended
Mr. T R Rajagopalan	Chairman	NED (I)	4	4
Ms. T. Sarita Reddy	Member	ED	4	3
Mr. J.N. Karamchetti	Member	NED(I)	4	4

NED (I) : Non Executive Independent Director

ED : Executive Director

The necessary quorum was present at all the meetings.

IV. NOMINATION AND REMUNERATION COMMITTEE

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- a) To ensure that the level and composition of remuneration is reasonably and sufficient, relationship of remuneration to performance is clear and meets performance benchmarks, and involves a balance between fixed and incentive pay.
- b) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- c) To identify persons who may be appointed in senior management in accordance with the criteria laid down.
- d) To carry out evaluation of every director's performance and recommend to the board his/her appointment and removal based on the performance.

The composition of the Nomination and Remuneration Committee is given below:

Nomination and Remuneration Committee Meetings and Attendance:

Name	Designation	Category	No. of Nomination and Remuneration Committee Meetings	
			Held	Attended
Mr. T.R. Rajagopalan	Chairman	NED (I)	4	4
Mr. S. Venkataswamy	Member	NED (I)	2	2
Mr. J.N. Karamchetti	Member	NED (I)	4	4
Mrs. T. Indira Subbarami Reddy	Member	NED	1	1

NED (I) : Non Executive Independent Director

During the financial year 2016-2017, four meetings of the Nomination and Remuneration Committee were held on 20.05.2016, 29.08.2016, 11.11.2016 and 10.02.2016.

The Remuneration Policy of the Company is annexed as Annexure-I.

Remuneration and sitting fees paid to directors during the Financial year 2016-17.

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (₹ in Lakhs)	Sitting fees (₹ in Lakhs)
Mrs. T. Indira Subbarami Reddy	Non Executive Chairperson	—	0.18
Mr. T.V. Sandeep Kumar Reddy	Executive Vice Chairman	—	0.08
Ms. T. Sarita Reddy	Managing Director	41.87	—
Mr. T.R. Rajagopalan	Non Executive/ Independent	—	0.22
Mr. S. Venkataswamy	Non Executive/ Independent	—	0.03
Mr. J.N. Karamchetti	Non Executive/ Independent	—	0.22
Mr. Raghuraj Suresh Bhalerao	Non Executive/ Independent	—	0.15

Performance Evaluation Criteria for Independent Directors

The Board has carried out the annual performance evaluation of Independent Directors individually. A structured questionnaire was prepared after taking into consideration various aspects such as adequacy of the composition of the Independent Directors, effectiveness in developing corporate governance structure to fulfil its responsibilities, execution and performance of specific duties etc. The Board decided that the performance of independent directors is excellent.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

a) A Stakeholders Relationship Committee of Directors reviews the following:

- Transfer/transmission of shares / debentures

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- Issue of duplicate share certificates.
- Review of shares dematerialized and all other relevant matters.
- Monitors expeditious redressal of investor's grievances.
- Non receipt of Annual Reports and declared dividend.
- All other matters related to shares/debentures.

The Constitution of Stakeholders Relationship Committee is as follows:

Name	Designation	Category	No. of Stakeholders Relationship Committee Meetings	
			Held	Attended
Mr. S. Venkataswamy	Chairman	NED (I)	1	1
Mr. J.N. Karamchetti	Chairman	NED (I)	1	1
Mr. T.V. Sandeep Kumar	Member	NED	2	2
Mrs. T. Sarita Reddy	Member	ED	2	2

NED (I) : Non Executive Independent Director

ED : Executive Director

The Stakeholders Relationship Committee meetings were held during the Financial year 2016-17 on 30.04.2016 and 27.02.2017.

b) Name and Address of Compliance Officer

CS MUNMUN BAID

Company Secretary & Compliance Officer

B2, 2nd Floor, TSR Towers,

Raj Bhavan Road, Somajiguda,

Hyderabad - 500 082.

Tel: +91 40 2341 4823 Fax: +91 40 2341 4827

E Mail: csmunmun@gayatri.co.in.

c) Details of complaints/requests received and redressed:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	NIL	NIL	NIL

VI. MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met during the year on 10.02.2017 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

The Company had also further during the year, conducted Familiarization programme for Independent Directors of the Company and the details of such familiarization programmes are disseminated on the website of the Company ([http://www.gayatrisugars.com/Investors/Corporate Governance/Policies/Familiarization Programme](http://www.gayatrisugars.com/Investors/Corporate%20Governance/Policies/Familiarization%20Programme)).

VII. General Body Meetings

a) (i) Annual General Meeting

Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed there at:

Year	Venue	Day and Date	Time	Special Resolution passed
2015-16	FTAPCCI Auditorium The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad - 500 004.	Monday the 26 th day of September, 2016	3.00 P.M.	1. Considering the appointment of Ms. T. Sarita Reddy as the Managing Director.
2014-15	Surana Udyog Hal, FTAPCCI, Federation House, D.No 11-6-841, Red Hills, Hyderabad-500004.	Saturday the 26 th day of September, 2015	11.30 A.M	1. Reference to the Board for Industrial and Financial Reconstruction (BIFR) on the erosion of Net Worth of the Company. 2. Adoption of new set of Articles of Company inter alia pursuant to the Companies Act, 2013.
2013-14	KLN Prasad Auditorium, Federation House, D.No 11-6-841, Red Hills, Hyderabad-500004.	Tuesday the 30 th day of September, 2014	11.30 A.M	1. Appointment of Mr. TR Rajagopalan as Independent Director. 2. Appointment of Mr. S Venkata Swamy as Independent Director. 3. Appointment of Mr. J N Karamchetti as Independent Director. 4. Increase in Authorised Share Capital of the Company. 5. Issue and Offer of Cumulative Redeemable Preference Shares on a Private Placement basis. 6. Increasing the Borrowing Powers of the Company and creation of Security on the Properties of the Company.

All the Special Resolutions placed before the shareholders at the above meetings were approved.

(ii) Special Resolutions passed through postal ballot during the financial year 2016-17:

During the financial year 2016-2017, Pursuant to section 110 of the Companies Act, 2013 the shareholders of the Company approved the following resolutions by means of Postal Ballot. The Postal Ballots were conducted by Mr. Y. Koteswara Rao, Practicing Company Secretary who was appointed by the Board of Directors of the Company at their meetings held on 20th May, 2016 and 10th February, 2017 as the Scrutinizer.

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(a) Results of the aforesaid Postal Ballot Notice dated. 20th May, 2016

Item No. 1 - Issue of 4% Secured, Unlisted Non Convertible Debentures (NCD's) on private placement basis by way of conversion of outstanding Right of Recompense amount payable to the Banks.

Date of AGM/EGM:	Postal ballot notice dated 20 th May, 2016
Total no. of share holders as on record date	15,681
No. of shareholders present in the meeting either in person or through proxy:	Not applicable
No. of shareholders attended the meeting through video conferencing:	Not applicable
Resolution Required: (Ordinary/special)	Special
Whether promoter/promoter group are interested in the agenda/resolution:	No

Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3) = [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	25040888	25040888	100.00	25040888	—	100.00	—
	Poll	25040888	—	—	—	—	—	—
	Postal Ballot	25040888	—	—	—	—	—	—
	Total	25040888	25040888	100.00	25040888	—	100.00	—
Public - Institutions	E-Voting	—	—	—	—	—	—	—
	Poll	—	—	—	—	—	—	—
	Postal Ballot	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Public-Non Institutions	E-Voting	18656480	7703916	41.29	7703532	384	100.00	—
	Poll	18656480	—	—	—	—	—	—
	Postal Ballot	18656480	36442	0.20	23069	13373	63.30	36.70
	Total	18656480	7740358	41.49	7726601	13757	99.82	0.18
Total		43697368	32781246	75.02	32767489	13757	99.96	0.04

* Only valid postal ballot forms are considered.

Percentage of votes cast in favour : 99.96 % and Percentage of votes cast against : 0.04

Item No. 2 - Alteration / Substitution of Memorandum of Association.

Date of AGM/EGM:	Postal ballot notice dated 20 th May, 2016
Total no. of share holders as on record date	15,681
No. of shareholders present in the meeting either in person or through proxy:	Not applicable
No. of shareholders attended the meeting through video conferencing:	Not applicable
Resolution Required: (Ordinary/special)	Special
Whether promoter/promoter group are interested in the agenda/resolution:	No

Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3) = [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	25040888	25040888	100.00	25040888	—	100.00	—
	Poll	25040888	—	—	—	—	—	—
	Postal Ballot	25040888	—	—	—	—	—	—
	Total	25040888	25040888	100.00	25040888	—	100.00	—
Public - Institutions	E-Voting	—	—	—	—	—	—	—
	Poll	—	—	—	—	—	—	—
	Postal Ballot	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Public-Non Institutions	E-Voting	18656480	7703916	41.29	7703532	384	100.00	—
	Poll	18656480	—	—	—	—	—	—
	Postal Ballot	18656480	34787	0.19	21414	13373	61.56	38.44
	Total	18656480	7738703	41.48	7724946	13757	99.82	0.18
Total		43697368	32779591	75.02	32765834	13757	99.96	0.04

* Only valid postal ballot forms are considered.

Percentage of votes cast in favour : 99.96 % and Percentage of votes cast against : 0.04

The above results were announced on Thursday, the 7th day of July, 2016.

The Resolutions were approved by the overwhelming majority of the Equity shareholders. The results were also published in The Financial Express and Nava Telangana and intimated to the Stock Exchange.

b) Results of the aforesaid Postal Ballot Notice dated. 10th February, 2017

Item No. 1 - Variation in terms of 95,36,813 6% Cumulative Redeemable Preference Shares of Rs. 10/- each of the Company.

Details of Resolution	Variation in terms of 9536813 6% Cumulative Redeemable Preference Shares of Rs.10/- each of the Company
Resolution Required	Special
Mode of Voting	Postal Ballot
Date of Postal Ballot Notice	10.02.2017
Record date for reckoning voting rights	27.02.2017
Date of Dispatch of Notice	28.02.2017
Total No. of Shareholders on record date	01
Total No. of shareholders to whom Postal Ballot Form(s) were sent	01

Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3) = [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	9536813	—	—	—	—	—	—
	Poll	9536813	—	—	—	—	—	—
	Postal Ballot	9536813	9536813	100	9536813	—	100	—
	Total		9536813	100	9536813	—	100	—
Public - Institutions	E-Voting	—	—	—	—	—	—	—
	Poll	—	—	—	—	—	—	—
	Postal Ballot	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Public-Non Institutions	E-Voting	—	—	—	—	—	—	—
	Poll	—	—	—	—	—	—	—
	Postal Ballot	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—
Total		9536813	9536813	100	9536813	—	100	—

Percentage of votes cast in favour: 100 and Percentage of votes cast against: 0.00

The above results were announced on Thursday, the 30th March, 2017.

The Resolutions were approved by the overwhelming majority of the Preference shareholders.

(iii) Conducted the postal ballot exercise:

The Postal Ballot was conducted by Mr. Y. Koteswara Rao, Practicing Company Secretary, Hyderabad as Scrutinizer to scrutinize the Postal Ballots in a fair and transparent manner. The Scrutinizer submitted his report on the following dates as provided in the table, with the Company and based on the said report, results of Postal Ballot were declared by Executive/ Managing Director on following dates as tabled below:

Date of the notice of the postal ballot	Last date for receipt of the postal ballot	Date of the Scrutinizers report	Declaration of Results by the company
20 th May, 2016	5 th July, 2016	6 th July, 2016	7 th July, 2016
10 th February, 2017	29 th March, 2017	29 th March, 2017	30 th March, 2017

(iv) Procedure for Postal Ballot :

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes will be sent to the preference shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. After the last date for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same will be published in the Newspapers and displayed on Website and Notice board.

b. Disclosures:

i) Disclosures on materially significant related party transactions

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.

Registers under Section 188 / 189 of the Companies Act, 2013 are maintained and particulars of transactions are entered in the Register, wherever applicable.

ii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company has complied with all the requirements of the listing agreement and SEBI (LODR) Regulations, 2015 with the stock exchanges as well as regulations and guidelines of SEBI. No penalties or strictures imposed by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to the capital markets during the last three years.

iii) Disclosure relating to Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

Company has established a Vigil Mechanism System/Whistle blower policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud

or violation of the company's code of conduct or ethics policy. Further, as per the provisions of the Companies Act, 2013 the Audit Committee of the company shall oversee the Vigil Mechanism System/ Whistle blower policy in the company and no personnel has been denied access to the audit committee.

iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all the mandatory requirements of corporate governance and are being reviewed from time to time.

v) Web link for policy on dealing with related party transactions.

<http://www.gayatrisugars.com/CorpPolicies.html>

vi) Risk Management

Risk Management Committee has formed to identify risks and then manage threats that could severely impact or bring down the organization and identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

The company has constituted a Risk Management company with the following directors

- | | |
|-------------------------------------------|---------------|
| 1. T. Sarita Reddy, Managing Director | - Chairperson |
| 2. T. V. Sandeep Kumar Reddy, Director | - Member |
| 3. J.N. Karamchetti, Independent Director | - Member |
| 4. V.R. Prasad, Chief Financial Officer | - Member |

Term of Reference:

- To consider the Company's risk management strategies.
- To consider, review and approve risk management policies and guidelines.
- To decide on risk levels, risk appetite and related resource allocation.
- To approve major decisions affecting the Company's risk profile or exposure and give such directions as it considers appropriate.
- To approve major risk management activities such as hedging transactions.
- To review the Company's approach to risk management and approve changes or improvements to key elements of its processes and procedures.
- Provide any information/reports as and when required by the Board.
- And any other matters as per the risk policy of the Company.

vii) 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, Financial Express and Andhra Prabha. The results are also displayed on the Company's website www.gayatrisugars.com and Official news releases, presentations made to media, if any, are also displayed on the Company's website.

Management Discussion and Analysis a detailed report is forming part of this Annual Report.

viii) 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.

ix) General Shareholders' Information

a) Date, Time and Venue of Annual General Meeting:

Financial Year	2016-2017
Day, Date and Time	Thursday, the 29 th day of June, 2017 at 10:30 A.M.
Venue	FTAPCCI Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad-500 004.

b) Financial Calendar (tentative): Financial Year 1st April, 2017 to 31st March, 2018

Quarter Ending	Release of Results
June 30, 2017	August 14, 2017
September 30, 2017	November 14, 2017
December 31, 2017	February 14, 2018
March 31, 2018	May 30, 2018*

*instead of publishing quarterly results, the Company has to publish Audited Annual Accounts within 60 days from the end of the financial year as per Stock Exchange Guidelines.

- c) Date of Book closure** : from 23rd June, 2017 to 29th June, 2017 (both days inclusive).
- d) Dividend Payment date** : Not Applicable.
- e) Listing on Stock Exchanges** : The Bombay Stock Exchange Ltd. PJ Towers, Dalal Street, Fort, Mumbai 400001.
- f) Scrip code** : 532183
- g) Scrip Id** : GAYATRI
- h) Depository for Equity Shares** : NSDL and CDSL
- i) Demat ISIN Number** : INE622E01023
- j) Market Price data** : High/ Low during each month in the Financial year 2016-17

Month	BSE SHARE PRICE		BSE SENSEX	
	High	Low	High	Low
Apr-16	6.40	4.85	26,100.54	24,523.20
May-16	6.40	5.15	26,837.20	25,057.93
Jun-16	6.40	6.40	27,105.41	25,911.33
Jul-16	6.40	6.40	28,240.20	27,034.14
Aug-16	6.40	6.40	28,532.25	27,627.97
Sep-16	6.40	6.40	29,077.28	27,716.78
Oct-16	10.24	7.68	28,477.65	27,488.30
Nov-16	13.31	8.64	28,029.80	25,717.93
Dec-16	10.96	8.15	26,803.76	25,753.74
Jan-17	10.62	9.01	27,980.39	26,447.06
Feb-17	13.68	8.93	29,065.31	27,590.10
Mar-17	10.20	8.06	29,824.62	28,716.21

k) Share transfer system

Transfers of shares held on dematerialized form are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with the Registrars at the above mentioned addresses. Transfers of shares in physical form are normally processed within 15 days from the date of receipt, if the documents are complete in all respects. The Directors, the Chief Finance Officer and the Company Secretary are severally empowered to approve transfers.

l) Categories of shareholders as on 31st March, 2017

Shareholders	As on 31.03.2017		As on 31.03.2016	
	No. of Shares	%	No. of Shares	%
Promoters	25040888	57.30	25040888	57.30
Financial Institutions and Banks	—	—	—	—
Private corporate bodies	8512430	19.48	9038366	20.68
Indian Public	10085781	23.07	9595730	21.95
NRI/OCB	64544	0.15	28659	0.07
Total	43703643	100	43703643	100

m) Distribution of Shareholding as on 31st March, 2017

Nominal Value	Holders		Amount	
	No.	% to Total	In ₹	% to Total
Upto - 5000	12,058	81.41	1,99,86,330	4.57
5001 - 10000	1,344	9.07	1,03,62,760	2.37
10001 - 20000	709	4.79	1,09,59,070	2.51
20001 - 30000	203	1.37	51,65,380	1.18
30001 - 40000	138	0.93	50,19,560	1.15
40001 - 50000	78	0.53	35,69,250	0.82
50001 - 100000	153	1.03	1,12,57,910	2.58
100001 and above	129	0.87	37,07,16,170	84.83
TOTAL	14,812	100	43,70,36,430	100.00

n) 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, 2017.

Held in NSDL: 2,63,02,618 shares

Held in CDSL: 1,73,72,599 shares

o) 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.

p) Registrar and Transfer Agents : (RTA)

Physical and Demat Share Transfer Agents and Registrars
 Venture Capital and Corporate Investments Limited
 Unit: Gayatri Sugars Limited
 House No. 12-10-167, Bharat Nagar, Hyderabad - 500018
 Ph: 23818475, 23818476
 E-mail : info.vccipl.com

q) Plant Loactions:

Kamareddy Unit

Adloor Yellareddy Village,
 Sadasivanagar Mandal,
 Nizamabad District, Telangana.
 Phone No: (08468) 203331

Nizamsagar Unit

Maagi Village, Nizamsagar Mandal,
 Nizamabad District, Telangana.
 Phone No: (08465) 275577
 Fax No: (08465) 27580

r) 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.

Contact Person:

Sri.VR Prasad, Chief Financial Officer /
Ms. Munmun Baid, Compliance Officer
Phone: 040-23414823, Fax: 040-23414827
Email : csmunmun@gayatri.co.in / compliance.gayatrisugars@gayatri.co.in

s) SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Your Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint.

B. COMPLIANCE REPORT ON DISCRETIONARY REQUIREMENTS

1. The Board - Chairperson's Office:

The Chairperson of Gayatri Sugars is a Non-Executive Promoter Director and is not maintaining any office and has not incurred any expenses during the year.

2. Shareholders Rights:

We display our quarterly and half yearly results on our web site, www.gayatrisugars.com and also publish our results in widely circulated newspapers. We did not send half yearly results to each household of the shareholders in the financial year 2016-17.

3. Audit Qualifications:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2017 and has noted that the same does not have any reservation, qualification or adverse remarks except qualification on Internal Financial Controls as mentioned under the head details of adequacy of Internal Financial Control in the Directors' Report mentioned under the head details of adequacy of Internal Financial Controls in the Director's Report.

4. Reporting of Internal Auditor:

The Internal Auditor of the company directly reports to the Audit Committee.

5. Reconciliation of Share Capital Audit:

As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by an Independent Practicing Company Secretary on quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialised and physical mode and the status of the register of members.

CEO AND CFO CERTIFICATION

To
The Board of Directors
GAYATRI SUGARS LIMITED

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of GAYATRI SUGARS LIMITED ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the applicable accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

Place: Hyderabad
Date : May 29, 2017

(T.SARITA REDDY)
Managing Director
DIN : 00017122

(V.R. PRASAD)
Chief Financial Officer

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

**To
The Members of Gayatri Sugars Limited**

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2017.

For Gayatri Sugars Limited

Place: Hyderabad
Date : May 29, 2017

(T. SARITA REDDY)
Managing Director
DIN : 00017122

Y. KOTESWARA RAO
Practicing Company Secretary

H.No. 48-345, Ganeshnagar Colony,
Chinthal, HMT Road,
Hyderabad - 500 054.
Phone : 040-40210182 (Office)
Cell : 98491-69831

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
Gayatri Sugars Limited
Hyderabad, Telangana State.

I have examined the compliance of conditions of corporate governance by M/s. Gayatri Sugars Ltd (CIN: L15421TG1995PLC020720) ('the Company'), for the year ended 31st March 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period April 01, 2016 to March 31, 2017.

The compliance of conditions of corporate governance is the responsibility of the management. My examinations has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

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

Y. KOTESWARA RAO

ACS No. : 3785

C.P. No. : 7427

Place: Hyderabad
Date: May 29, 2017

INDEPENDENT AUDITOR'S 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 March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis for Qualified Opinion

Attention is drawn to Note 33 of the financial statements regarding the High Court dismissing the writ filed by the Company challenging the levy of electricity duty by the State Government on consumption of electricity by captive generating units, the subsequent dismissal of special leave petition by the Hon'ble Supreme Court, and the pending matter before the Board for Industrial and Financial Reconstruction

(BIFR) being abated. As stated in the said note, the Company has treated the estimated duty amount aggregating ₹ 283.99lakhs as a Contingent liability.

In view of the above, we are unable to comment on the ultimate outcome of the matter and the consequential impact, if any, on these financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis of 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, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

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

- (i) Note 34 of the financial statements, which indicates that as at March 31, 2017 the accumulated losses amounting to ₹ 12,804.58 lakhs have completely eroded the net-worth of the Company and, the current liabilities exceeded the current assets as on that date. These conditions along with other matters as set forth in Note 34 of the financial statements, including dependence on continuous support from its promoters, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Board for Industrial and Financial Reconstruction (BIFR) declared the Company as a sick industrial company under section 3 (o) of SICA, 1985 vide its order in October, 2016. Subsequently, the case filed by the Company under the BIFR stands abated. We have been informed that based on its discussions with several lenders/Banks, the Company has decided not to initiate the corporate insolvency resolution process under the Insolvency and Bankruptcy Code 2016, before the NCLT.

These financial statements have been prepared on a going concern basis for the reasons stated in the said Note.

- (ii) Note 37 of the financial statements in respect of the remuneration paid to Executive Director, reappointed during the year (designated as Managing Director w.e.f. August 29, 2016), in excess of the limits specified in Schedule V of the Companies Act, 2013 by ₹ 38.45 lakhs. The said appointment and payment/provision of remuneration was approved by the shareholders in the Annual General Meeting held on September 26, 2016. The Company has sought the necessary approval from Central Government, whose response is pending.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
 - a) We have sought and, except for the matter described in the Basis for Qualified Opinion paragraph above, 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) The going concern matter described in sub-paragraph (i) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

(Sumit Trivedi)
(Partner)
(Membership No. 209354)

Place : Hyderabad
Date : May 29, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Gayatri Sugars Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at March 31, 2017 relating to inadequate internal financial controls over financial reporting in respect of certain reconciliations between various accounting systems and period-end adjustments as fully described in Note 38 to the financial statements, and Management's assessment of estimating potential liability relating to a disputed matter as described in Note 33 to the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2017, and these material weaknesses did not affect our opinion on the said financial statements of the Company, except in respect of the qualification relating to the Management's assessment of estimating potential liability relating to a disputed matter, in respect of which, we have issued a qualified opinion on the financial statements of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

(Sumit Trivedi)
(Partner)
(Membership No. 209354)

Place : Hyderabad
Date : May 29, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (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 explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable, except in respect of the guarantees amounting to ₹ 90 lakhs given to a party on behalf of cane suppliers for financing arrangements which owing to the brought forward losses is in excess of the limits specified under Section 186 of the Act. However, the Management is of the view that such guarantees are within the limits specified in Section 186.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities, except for dues relating to Cane Development Council Fund and Income Tax.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable, except as given below:

Name of the statute	Nature of Dues	Period to which the amount relates	Amount involved ₹ in lakhs
Income Tax Act, 1961	Dividend Distribution Tax	2006-07	8.03

- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes except as given below.

Name of the statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved ₹ in lakhs
Central Excise Act, 1944	Excise Duty (excluding interest and penalty)	Customs Excise and Service Tax Appellate Tribunal	Various periods covering the period 2006 to 2010	58.54
		Customs Excise and Service Tax Appellate Tribunal	Various years covering the period 2008 to 2013	80.28

The entire amount of disputed dues aggregating to ₹ 138.82 lakhs as above, has been stayed for recovery by the relevant authorities.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders, except as under:

Lender Name	Principal ₹ in lakhs	Period of default (in days)	Interest ₹ in lakhs	Period of default (in days)
Bank of Baroda - Term loan	166.67	19-78	15.88	1-60
Andhra Bank-Harvesting Equipment Term loan	23.59	32	1.42	1-60
Andhra Bank-Excise Duty Term loan	52.75	25-84	15.81	1-60
Union Bank of India -Excise Duty Term loan	22.61	20-79	9.74	1-60
Bank of Baroda -Excise Duty Term loan	29.03	14-73	9.45	1-60
State Bank of India -Excise Duty Term loan	24.18	1-60	9.16	1-60
Punjab National Bank -Excise Duty Term loan	4.99	16-44	0.40	1
Andhra Bank - Soft loan	36.40	2-61	22.30	1-60
Union Bank of India -Soft loan	22.35	2-61	13.38	1-60
Bank of Baroda -Soft loan	20.00	2-61	12.46	1-60
State Bank of India -Soft loan	16.70	1-60	12.96	1-60
Punjab National Bank -Soft loan	3.43	3-32	2.01	1-32
Andhra Bank - Corporate loan	39.60	2-61	21.24	1-60
Bank of Baroda -Corporate loan	21.75	1-60	13.55	1-60
State Bank of India -Corporate loan	12.10	31-59	12.61	1-60
Punjab National Bank -Corporate loan	3.73	15-43	1.87	1-32
IFCI - Sugar Development Fund Term Loan	1,394.12	134-1230	933.08	134-1230

- (ix) 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 raised, other than temporary deployment pending application of proceeds. No moneys were raised by way of initial public offer or further public offer.
- (x) 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 by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration to the Executive Director, reappointed during the year (designated as Managing Director w.e.f. August 29, 2016), in excess of the limits specified in Schedule V of the Companies Act, 2013 by ₹38.45 lakhs. The said payment/ provision of remuneration was approved by the shareholders in the Annual General meeting held on September 26, 2016. The Company has sought the necessary approval from Central Government, whose response is pending.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and having regard to our comments in paragraph (xi) above, the Company is in compliance with Section

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177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi
Partner
Membership No. 209354

Place: Hyderabad
Date: May 29, 2017

BALANCE SHEET AS AT 31 MARCH, 2017

Particulars	Note No.	As at 31 March, 2017 ₹ in lakhs	As at 31 March, 2016 ₹ in lakhs
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	8,484.75	8,484.75
(b) Reserves and surplus	4	(12,588.74)	(13,669.13)
		(4,103.99)	(5,184.38)
2 Non-current liabilities			
(a) Long-term borrowings	5	6,139.48	7,453.70
(b) Other long-term liabilities	6	2,262.51	234.23
(c) Long-term provisions	7	381.45	337.63
		8,783.44	8,025.56
3 Current liabilities			
(a) Short-term borrowings	8	6,559.22	6,431.08
(b) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	9 (i)	—	—
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9 (ii)	1,265.58	8,726.18
(c) Other current liabilities	10	7,415.98	9,536.99
(d) Short-term provisions	11	29.76	27.35
		15,270.54	24,721.60
TOTAL		19,949.99	27,562.78
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12A	12,134.76	13,030.77
(ii) Intangible assets	12B	1.89	—
(iii) Capital work-in-progress		9.23	—
(b) Long term loans and advances	13	90.11	—
(c) Other non current assets	14	1.51	—
		12,237.50	13,030.77
2 Current assets			
(a) Inventories	15	4,055.68	13,238.81
(b) Trade receivables	16	1,606.40	498.46
(c) Cash and cash equivalents	17	860.49	110.77
(d) Short-term loans and advances	18	1,124.77	525.24
(e) Other current assets	19	65.15	158.73
		7,712.49	14,532.01
TOTAL		19,949.99	27,562.78

Coporate information and Significant accounting policies
See accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Sumit Trivedi

Partner

Place : Hyderabad

Date : May 29, 2017

For and on behalf of the Board of Directors

T.V. Sandeep Kumar Reddy

Vice Chairman

V.R. Prasad

Chief Financial Officer

T. Sarita Reddy

Managing Director

Munmun Baid

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	Note No.	For the Year Ended 31 March, 2017 ₹ in lakhs	For the Year Ended 31 March, 2016 ₹ in lakhs
I. Revenue			
Revenue from operations (gross)	20	24,777.79	25,457.12
Other income	21	5.49	39.24
Total revenue		24,783.28	25,496.36
II. Expenses			
(a) Cost of materials consumed	22 (a)	6,793.82	17,896.73
(b) Changes in inventories of finished goods and work-in-process	22 (b)	9,193.59	(770.44)
(c) Excise duty		599.12	1,313.72
(d) Employee benefits expense	23	1,534.93	1,566.37
(e) Finance costs	24	2,059.75	2,344.52
(f) Depreciation and amortisation expense	12 C	993.66	983.57
(g) Other expenses	25	2,678.49	3,741.38
Total expenses		23,853.36	27,075.85
III Profit /(Loss) before exceptional items and tax(I-II)		929.92	(1,579.49)
IV Exceptional items	35	150.47	227.40
V Profit /(Loss) before tax (III +IV)		1,080.39	(1,352.09)
VI Tax expense		—	—
VII Profit/(Loss) for the year (V-VI)		1,080.39	(1,352.09)
Earnings per equity share (of ₹10/- each)			
Basic (₹)	30 (i)	1.95	(3.77)
Diluted (₹)	30 (ii)	1.56	(3.77)

Coporate information and Significant accounting policies 1 & 2
See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Place : Hyderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

T.V. Sandeep Kumar Reddy
Vice Chairman

V.R. Prasad
Chief Financial Officer

T. Sarita Reddy
Managing Director

Munmun Baid
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	For the Year Ended 31 March, 2017 ₹ in lakhs	For the Year Ended 31 March, 2016 ₹ in lakhs
Cash flow from operating activities		
Profit / (Loss) before tax	1,080.39	(1,352.09)
Adjustments for:		
Depreciation and amortization expense	993.66	983.57
Profit on sale of fixed assets	—	(0.52)
Provision for doubtful loans and advances	—	5.02
Finance costs	2,059.75	2,344.52
Write off of Capital work-in-progress	—	11.62
Interest income	(0.55)	—
Liabilities / provisions no longer required written back (including Exceptional item)	(151.40)	(16.77)
Operating profit before working capital changes	3,981.85	1,975.35
Changes in working capital :		
Adjustments for (increase) / decrease in operating assets :		
Inventories	9,183.13	(743.93)
Trade receivables	(1,107.94)	608.73
Short-term loans and advances	(672.52)	41.32
Long-term loans and advances	(6.74)	—
Other Current assets	(22.51)	—
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(7,459.67)	(3,438.81)
Other current liabilities	(2,437.77)	736.70
Other long-term liabilities	2,162.67	—
Long-term Provisions	43.82	147.90
Short-term Provisions	2.41	(14.37)
	<u>(315.12)</u>	<u>(2,662.46)</u>
Cash generated from operations	3,666.73	(687.11)
Direct tax paid (net of refunds)	(0.09)	—
Net cash flow from / (used in) operating activities (A)	3,666.64	(687.11)
Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(143.95)	(319.61)
Proceeds from sale of fixed assets	—	2.74
Fixed deposits placed	(5.74)	—
Interest received	0.55	—
Net cash used in investing activities (B)	(149.14)	(316.87)
Cash flow from financing activities		
Proceeds from long-term borrowings	—	3,872.25
Repayment of long-term borrowings	(1,247.81)	(1,437.56)
Increase/(Decrease) in short-term borrowings	128.14	(121.66)
Interest and other borrowing cost paid	(1,652.34)	(2,111.79)
Net cash (used in)/ flow from financing activities (C)	(2,772.01)	201.24
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	745.49	(802.74)
Cash and Cash equivalents at the beginning of the year	110.77	913.51
Cash and Cash equivalents as at the end of year	856.26	110.77
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and Cash equivalents as per Note 17	860.49	110.77
Less : Balances in earmarked accounts	(4.23)	—
	<u>856.26</u>	<u>110.77</u>

Note:

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

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Sumit Trivedi

Partner

Place : Hyderabad

Date : May 29, 2017

For and on behalf of the Board of Directors

T.V. Sandeep Kumar Reddy

Vice Chairman

V.R. Prasad

Chief Financial Officer

T. Sarita Reddy

Managing Director

Munmun Baid

Company Secretary

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 and it also operates a power cogeneration unit, the output of which is captively used and also exported to the grid. The Company's products includes sugar, distillery products like Rectified Spirit, Impure spirit, Ethanol and by-products like Molasses and Bagasse.

2. **Significant Accounting Policies:**

2.1 **Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 **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, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses for year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to those estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/ materialize.

2.3 **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.

2.4 **Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 **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.

2.6 **Depreciation and Amortisation**

Tangible Assets

Depreciation on tangible fixed assets is provided on straight line method as per the rates and in the manner prescribed in Schedule III to the Companies Act, 2013.

Intangible Assets

Software is amortised over a period of 3 years.

Individual assets costing less than ₹ 5,000 are fully depreciated in the year of acquisition.

2.7 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.

2.8 Other income

Dividend income is recognised when the unconditional right to receive the income is established. Interest Income is recognised on a time proportionate method using underlying interest rates.

Insurance and other claims/refunds are accounted for as and when admitted by appropriate authorities.

2.9 Property, Plant and Equipment, Intangible Assets (Fixed Assets)

Tangible / Intangible Assets

Fixed Assets are stated at cost (net of CENVAT) less accumulated depreciation and impairment losses, if any. Cost includes installation and expenditure during construction, including freight, insurance, borrowing costs and incidental expenses relating to acquisition and installation of the respective assets.

Capital work-in-progress

Projects under which assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing costs.

2.10 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company 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 outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items are carried at historical cost. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

2.11 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 cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. 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. 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 employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

2.12 Borrowing Costs

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

2.13 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 Statement of Profit and Loss on Straight Line basis over the lease term.

2.14 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization 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".

2.15 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.

2.16 Taxes on income

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

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.

2.17 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset/ cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and such reversal of impairment is recognised in the Statement of Profit and Loss.

2.18 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events 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 their 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 disclosed in the Notes.

2.19 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 3 SHARE CAPITAL

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
(a) Authorised				
Equity shares of ₹10 each	65,000,000	6,500.00	65,000,000	6,500.00
Preference shares of ₹ 10 each	45,000,000	4,500.00	45,000,000	4,500.00
	<u>110,000,000</u>	<u>11,000.00</u>	<u>110,000,000</u>	<u>11,000.00</u>
(b) Issued				
Equity shares of ₹10 each	43,703,643	4,370.36	43,703,643	4,370.36
6% Cumulative redeemable preference shares of ₹ 10 each (Refer Note (iii) below)	41,147,023	4,114.70	41,147,023	4,114.70
6% Cumulative optionally convertible preference shares of ₹ 10 each (Refer Note (iii) (c) below)				
	<u>84,850,666</u>	<u>8,485.06</u>	<u>84,850,666</u>	<u>8,485.06</u>
(c) Subscribed and fully paid up				
Equity shares of ₹10 each	43,697,368	4,369.74	43,697,368	4,369.74
6% Cumulative redeemable preference shares of ₹ 10 each	41,147,023	4,114.70	41,147,023	4,114.70
	<u>84,844,391</u>	<u>8,484.44</u>	<u>84,844,391</u>	<u>8,484.44</u>
(d) Subscribed but not fully paid up				
Equity shares of ₹10 each (₹ 5 paid up)	6,275	0.31	6,275	0.31
	<u>6,275</u>	<u>0.31</u>	<u>6,275</u>	<u>0.31</u>
Total		<u>8,484.75</u>		<u>8,484.75</u>

Notes :

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

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
Equity Shares*				
Per last Balance Sheet	43,703,643	4,370.36	43,703,643	4,370.36
Issued during the year	—	—	—	—
Balance at the end of the year	<u>43,703,643</u>	<u>4,370.36</u>	<u>43,703,643</u>	<u>4,370.36</u>
* There are no changes in the subscribed and fully paid-up and, subscribed but not fully paid-up equity shares				
6% Cumulative redeemable preference shares (Refer Note (iii) below)				
Per last Balance Sheet**	41,147,023	4,114.70	34,536,813	3,453.68
Issued during the year	—	—	—	—
Add : 6% Cumulative optionally convertible preference shares converted to 6% Cumulative redeemable preference shares	—	—	6,610,210	661.02
Balance at the end of the year	<u>41,147,023</u>	<u>4,114.70</u>	<u>41,147,023</u>	<u>4,114.70</u>
**Includes 25,000,000 shares allotted on account of conversion of unsecured loan.				
6% Cumulative optionally convertible preference shares (Refer Note (iii) (c) below)				
Per last Balance Sheet	—	—	6,610,210	661.02
Less : - Converted to 6% cumulative redeemable preference shares	—	—	6,610,210	661.02
Balance at the end of the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**ii) Rights, preferences and restrictions attached to equity shares:**

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

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

- a) 25,000,000 - 6% Cumulative redeemable preference shares of ₹ 10 each are due for redemption on or before 30 September, 2023.
- b) Variation in terms of 9,536,813 - 6% Cumulative redeemable preference shares of ₹ 10 each which were due for redemption on April 1, 2017 are as under:
- Waiver of arrears of preference dividend till 1st April 2017.
 - Period of redemption extended from April 1, 2017 to April 1, 2029 with an early redemption right to the Company before the extended period of 12 years by giving 30 days notice. These terms were approved by Preference shareholders vide resolution dated 30 March, 2017.
- c) Variation in terms of 6,610,210 - 6% Cumulative optionally convertible preference shares of ₹ 10 each which were due for redemption on 1 April, 2015, are as under:
- Waiver of arrears of preference dividend till 1 April, 2015.
 - Changing the nomenclature to 6% cumulative redeemable preference shares of ₹ 10 each w.e.f. 1 April, 2015.
 - Period of redemption extended from 1 April, 2015 to 1 April, 2025 with an early redemption right to the Company before the extended period of 10 years by giving 30 days notice. These terms were approved by preference shareholders vide resolution dated 20 March, 2015.

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

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Mohan Project Contractors Private Limited	7,522,789	17%	7,698,789	18%
Gayatri Fin-Holdings Private Limited	7,169,450	16%	7,169,450	16%
T.V. Sandeep Kumar Reddy	6,763,031	15%	6,763,031	15%
T. Indira Subbarami Reddy	3,793,508	9%	3,793,508	9%
T. Subbarami Reddy	3,255,814	7%	3,255,814	7%
T.S.R.Holdings Private Limited	2,895,478	7%	2,895,478	7%
6% Cumulative redeemable preference shares				
T.S.R.Holdings Private Limited	9,536,813	23%	7,084,563	17%
IFCI Limited	—	—	2,452,250	6%
Mohan Project Contractors Private Limited	29,900,000	73%	29,900,000	73%
Gayatri-Fin-Holdings Private Limited	1,710,210	4%	1,710,210	4%

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

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

vi) Details of calls unpaid on equity shares

Particulars	As at 31 March, 2017	As at 31 March, 2016
- Number of shares	6,275	6,275
- Unpaid Amount (₹)	31,375	31,375

vii) Arrears of fixed cumulative dividends on preference shares :

Dividend on 6% cumulative redeemable preference shares- ₹ 436.86 lakhs (31 March, 2016 ₹ 762.18 lakhs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 4 Reserves and surplus

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	₹ in lakhs		₹ in lakhs	
Securities premium account	215.84		215.84	
Deficit in statement of profit and loss				
Opening Balance	(13,884.97)		(12,532.88)	
Add: Profit / (Loss) for the year	1,080.39		(1,352.09)	
	(12,804.58)		(13,884.97)	
Total	(12,588.74)		(13,669.13)	

Note 5 Long-term borrowings

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Non-current	Current*	Non-current	Current*
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Secured				
Debentures	695.05	—	—	—
69,50,500 4% Secured, unlisted, non-convertible Debentures of ₹ 10 each (Refer Note 36)				
Term Loans :				
from Banks	2,985.42	2,128.98	4,596.37	1,765.84
from others - Sugar Development Fund	199.16	1,792.44	597.48	1,394.12
Unsecured				
Loans and advances from others	2,259.85	—	2,259.85	—
	6,139.48	3,921.42	7,453.70	3,159.96

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

NOTE 5 LONG-TERM BORROWINGS (contd.)

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

Secured Loans :

Non-convertible Debentures:

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, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
1	4% Secured, Unlisted Non - convertible Debentures	"Par passu first charge on the fixed assets of the Company's Kamareddy Sugar unit including Distillery Unit along with other consortium member banks, situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District." "Par passu Second charge on the fixed assets of the Sugar Unit along with other consortium member banks and SDF, located at Maagi village, Kamareddy District, Telangana State."	Redeemable at face value in instalments in the ratio of 30%, 30% and 40% at the end of 4th, 5th and 6th year respectively from the date of allotment, with an option to redeem early than the redemption date by giving 30 days notice."	At the rate of 4% per annum payable along with redemption.	"30% - 48" 30% - 60" 40% - 72" respectively, with an option to redeem early than the redemption date by giving 30 days notice."	NA	695.05	—
Term Loans :								
1	Andhra Bank-Harvesting Equipment Term Loan	Hypothecation of Two sugar cane harvesters, Four sugar cane tillers and four Tractors purchased out of the bank finance. Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	7 Yearly equal instalments from February 2012. Personal Guarantee of Mrs. T. Indra Subbarami Reddy,	1 yr MCLR+ 0.75% + 0.25 % = 10.45%	11	2 yearly equal instalments	49.09	74.12
2	Bank of Baroda - Term Loan	"Par passu first charge on the fixed assets of the Company's Kamareddy Sugar unit including Distillery Unit along with other consortium member banks and NCD holders, situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District." "Par passu Second charge on the fixed assets of the Sugar Unit along with other consortium member banks, SDF and NCD holders, located at Maagi village, Kamareddy District, Telangana State." "Personal Guarantee of Mrs. T. Indra Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	36 equal monthly instalments after initial moratorium period of 12 months from the date of first disbursement	@1.00% over 1 yr MCLR + SP i.e 9.60% p.a at present with monthly reset. However ROY should not be lower than that of Andhra Bank ROY.	5	8 Monthly equal instalments	444.44	1,000.00
3	Andhra Bank - Excise Duty Term Loan	"Primary Security:"First pari-passu charge on all chargeable current assets of the company." "Collateral Security:"Pari Passu First Charge along with other consortium member banks on the Present and Future Immovable Properties and Fixed Assets of Sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District, and pari passu second charge along with other consortium member banks, SDF and NCD holders, on Sugar Unit located at Maagi village, Kamareddy District of Telangana State." "Mortgage of agricultural land addressing Ac 0.10 Gts situated at Survey No: 98/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "Mortgage of agricultural land addressing Ac 3.00 Gts situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "First pari-passu charge on Pledge of 79 lakh shares of M/s Gayatri Sugars Limited belonging to Smt. T.Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy." "Personal Guarantee of Mrs. T. Indra Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	5 years including moratorium of 2 years from date of first disbursement. The term loan is repayable in 36 equal monthly instalments commencing after moratorium of 2 years	1 yr MCLR+ 2.75% + 0.25 % = 12.45% p.a	23	26 Monthly equal instalments	456.95	615.20

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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, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
4	Union Bank of India Excise Duty Term Loans	<p>"Primary Security: "First pari-passu charge on all chargeable current assets of the company," Collateral Security: "Pari Passu First Charge along with other consortium member banks on the Present and Future Immovable Properties and Fixed Assets of Sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District, and pari passu second charge along with other consortium member banks and SDF on Sugar Unit located at Maagi village, Kamareddy District of Telangana State" "Mortgage of agricultural land admeasuring Ac. 0.10 Gs situated at Survey No: 98/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "Mortgage of agricultural land admeasuring Ac. 3.00 Gs situated at Survey No: 161/A, Tekriyal Village, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "First pari-passu charge on Pledge of 79 lakh shares of M/s Gayatri Sugars Limited belonging to Smt. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy, "Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."</p>	<p>5 years including moratorium of 2 years from date of first disbursement. The term loan is repayable in 36 equal monthly instalments commencing after moratorium of 2 years</p>	<p>Base rate + 2.75% i.e 12.75% p.a at present. However ROI should not be lower than that of Andhra Bank ROI.</p>	26	28 Monthly equal instalments	302.83	388.00
5	State Bank of India - Excise Duty Term Loan	<p>"Primary Security: "First pari-passu charge on all chargeable current assets of the company," Collateral Security: "Pari Passu First Charge along with other consortium member banks on the Present and Future Immovable Properties and Fixed Assets of Sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District, and pari passu second charge along with other consortium member banks, SDF and NCD holders, on Sugar Unit located at Maagi village, Kamareddy District of Telangana State" "Mortgage of agricultural land admeasuring Ac. 0.10 Gs situated at Survey No: 98/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "Mortgage of agricultural land admeasuring Ac. 3.00 Gs situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "First pari-passu charge on Pledge of 79 lakh shares of M/s Gayatri Sugars Limited belonging to Smt. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy, "Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."</p>	<p>5 years including moratorium of 2 years from date of first disbursement. The term loan is repayable in 36 equal monthly instalments commencing after moratorium of 2 years</p>	<p>7.10 % above base rate (present effective rate 16.80% including tenor premium of 10 bps)</p>	24	27 Monthly equal instalments	217.46	290.00
6	Bank of Baroda - Excise Duty Term Loan	<p>"Primary Security: "First pari-passu charge on all chargeable current assets of the company," Collateral Security: "Pari Passu First Charge along with other consortium member banks on the Present and Future Immovable Properties and Fixed Assets of Sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District, and pari passu second charge along with other consortium member banks, SDF and NCD holders, on Sugar Unit located at Maagi village, Kamareddy District of Telangana State" "Mortgage of agricultural land admeasuring Ac. 0.10 Gs situated at Survey No: 98/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "Mortgage of agricultural land admeasuring Ac. 3.00 Gs situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" "First pari-passu charge on Pledge of 79 lakh shares of M/s Gayatri Sugars Limited belonging to Smt. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy, "Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."</p>	<p>5 years including moratorium of 2 years from date of first disbursement. The term loan is repayable in 36 equal monthly instalments commencing after moratorium of 2 years</p>	<p>@ 3.40% over 1 yr MCLR + SP i.e 12.00% p.a at present , however ROI should not be lower than that of Andhra Bank ROI.</p>	26	29 Monthly equal instalments	280.33	348.00

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, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
7	Punjab National Bank Excise Duty Term Loan	"Primary Security: First pari-passu charge on all chargeable current assets of the company." Collateral Security: "Pari Passu First Charge along with other consortium member banks on the Present and Future Immovable Properties and Fixed Assets of Sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District, and pari passu second charge along with other consortium member banks, SDF and NCD holders on Sugar Unit located at Maagi village, Kamareddy District of Telangana State." Mortgage of agricultural land admeasuring Ac.0.10 Gs situated at Survey No: 96/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders) "Mortgage of agricultural land admeasuring Ac. 3.00 Gs situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"/"First pari-passu charge on Pledge of 79 lakh shares of M/s Gayatri Sugars Limited belonging to Smt. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy. "Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	5 years including moratorium of 2 year from date of first disbursement. The term loan is repayable in 60 equal monthly instalments commencing after moratorium of 2 years.	Base Rate + 5.00% + TP i.e present effective 15.50%	28	30 Monthly equal instalments	74.91	89.89
8	Andhra Bank - Soft Loan	"Primary Security: Extension of pari-passu first charge on all chargeable current assets of the company along with other member banks in the Consortium." Collateral Security: "Pari Passu First Charge along with other consortium member banks on the Present and Future Immovable Properties and Fixed Assets of Sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District, and pari passu second charge along with other Consortium member banks, SDF and NCD holders on Sugar Unit located at Maagi village, Kamareddy District of Telangana State." Pari Passu Second charge on the Immovable properties and Fixed Assets of the Sugar unit located at Maagi village, Kamareddy District of Telangana State. First pari passu charge (along with working capital lenders) on pledge on 79 lakh shares of M/s GSL belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy. "Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly instalments commencing after moratorium of 1 year.	1 yr MCLR+ 2.75% + 0.50 % = 12.70% p.a	52	55 Monthly equal instalments	667.33	728.00
9	State Bank of India - Soft Loan	"Primary Security: Pari Passu First Charge on the present and future Immovable properties and Fixed Assets of the Sugar unit and Distillery unit situated at Adloor Yellareddy Village, Sadasivnagar Mandal, Kamareddy District of Telangana State along with other consortium member banks." Pari Passu Second charge on the Immovable properties and Fixed Assets of the Sugar unit located at Maagi village, Kamareddy District of Telangana State along with other consortium member banks. "Mortgage of agricultural land and admeasuring Ac.0.10 Gs situated at Survey No: 96/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"/"Mortgage of agricultural land admeasuring Ac. 3.00 Gs situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"/"Collateral Security: Extension of pari-passu first charge on all chargeable current assets of the company present and future along with other member banks in the Consortium." First pari passu charge (along with working capital lenders) on pledge on 79 lakh shares of M/s GSL belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy. "Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year. The term loan is repayable in 60 equal monthly instalments commencing after moratorium of 1 year.	7.15 % above base rate (present effective rate 16.85% including tenor premium of 15 bps)	53	56 Monthly equal instalments	311.73	34.00

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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, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
10	Punjab National Bank Soft Loan	"Primary Security:-Extension of pari-passu first charge along with other member banks in the consortium on all chargeable current assets of the company."Collateral security:-Extension of Pari Passu First Charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit and Distillery unit at Kamareddy along with WC lenders and TL of Bank of Baroda and SEFASU 2014 TL lenders."Extension of Pari Passu second charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit at Nizam Sagar along with WC lenders."Extension of First pari passu charge along with working capital lenders on pledge of 79 lakh shares of M/s GSL belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy."Any other security given to the consortium to cover their limit will also apply."Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	Base Rate + 2.50% + 0.50% (tp) i.e 13% p.a at present floating	53	55 Monthly equal installments	94.42	103.00
11	Union Bank of India - Soft Loan	"Primary Security:-First pari-passu charge on all chargeable current assets of the company."Collateral Security:-Pari Passu First Charge on the Borrower's Building, Plant and Machinery of distillery unit at Kamareddy unit with other SEFASU 2014 TL Lenders."Mortgage of agricultural land admeasuring Ac 0.10 Gts situated at Survey No: 98/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"Mortgage of agricultural land admeasuring Ac: 3.00 Gts situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"Pari Passu First Charge on the Present and Future Immoveable Properties and Fixed Assets of Sugar unit at Kamareddy along with working capital lenders and other SEFASU 2014 TL Lenders."Pari passu second charge on the Present and Future Immoveable properties and fixed assets of sugar unit at Nizamsagar unit along with other SEFASU 2014 TL & Working Capital lenders."First pari-passu charge on Pledge of 79 lacs of shares of M/s. Gayatri Sugars Limited belonging to Smt. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy." Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	Base rate + 3.00% i.e 13.00% p.a at present	53	56 Monthly equal installments	417.20	447.00
12	Bank of Baroda - Soft Loan	"Primary Security:-First pari-passu charge on all chargeable current assets of the company."Collateral Security:-Pari Passu First Charge on the Borrower's fixed assets of Sugar unit at Kamareddy and distillery unit at Kamareddy."Pari passu first charge on the borrower's fixed assets of sugar unit at Nizam Sagar."Mortgage of agricultural land admeasuring Ac:0.10 Gts situated at Survey No: 98/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"Mortgage of agricultural land admeasuring Ac: 3.00 Gts situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)" First pari-passu charge on Pledge of 79 lac shares of M/s Gayatri Sugars Limited belonging to Smt. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy."Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	@ 1.40% over 1 yr MCLR + SP i.e 10.00% p.a at present with monthly rest. However ROI should not be lower than that of Andhra Bank ROI.	53	56 Monthly equal installments	373.33	400.00

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, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
13	State Bank of India - Corporate Loan	"Primary Security:-Pari Passu First Charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit and Distillery unit situated at Adloor Yellareddy Village, Sadashivnagar Mandal, Kamareddy District of Telangana State along with other consortium member banks; "Pari Passu Second charge on the Immoveable properties and Fixed Assets of the Sugar unit located at Maagi village, Kamareddy District of Telangana State along with other consortium member banks; "Mortgage of agricultural land admeasuring Ac.10 Gs situated at Survey No: 38/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)"Mortgage of agricultural land admeasuring Ac.3.00 Gs situated at Survey No: 161/A, Tekriyal Village, Kamareddy Mandal, Kamareddy District, Telangana State, owned by the company (on pari-passu basis with other TL lenders)";"Collateral Security:-" Extension of pari-passu first charge on all chargeable current assets of the company present and future along with other member banks in the Consortium"First pari passu charge along with working capital lenders on pledge on 79 lacs of shares of M/s GSL belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy;"Personal Guaranteee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	7.10 % above base rate: (present effective rate 16.40% including tenor premium of 10 bps)	50	52 Monthly equal installments	309.85	328.00
14	Andhra Bank - Corporate Loan	"Primary Security:-"Extension of pari-passu first charge along with other member banks in the consortium on all chargeable current assets of the company. "Collateral Security:-"Pari Passu First Charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit and Distillery unit situated at Adloor Yellareddy Village, Sadashivnagar Mandal, Kamareddy District of Telangana State. "Pari Passu Second charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit located at Maagi village, Kamareddy District of Telangana State. "First pari passu charge (along with working capital lenders) on pledge on 79 lacs of shares of M/s GSL belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy;"Personal Guaranteee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	1 yr MCLR+ 2.75% + 0.50 % = 12.70% p.a	45	48 Monthly equal installments	633.00	699.00
15	Punjab National Bank - Corporate Loan	"Primary Security:-"Extension of pari-passu first charge along with other member banks in the consortium on all chargeable current assets of the company. "Collateral security:-"Extension of Pari Passu First Charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit and Distillery unit at Kamareddy along with WC lenders and TL of Bank of Baroda and SEFASU 2014 TL lenders. "Extension of Pari Passu Second charge on the present and future Immoveable properties and Fixed Assets of the Sugar unit at Nizam Sugar along with WC lenders. "Extension of First pari passu charge (along with working capital lenders) on pledge of 79 lacs of shares of M/s GSL belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy;"Any other security given to the consortium to cover their limit will also apply;"Personal Guaranteee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	Base Rate + 5.00% + 0.50% (bp) present effective 15.30% p.a (floating)	39	41 Monthly equal installments	75.53	83.00

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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, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
16	Bank of Baroda - Corporate Loan	"Primary Security:-First pari-passu charge along with consortium term lenders for Term Loan SEFASU 2014, on fixed assets of Sugar unit and distillery unit at Kamarreddy. Collateral security:- Pari passu Second charge on the borrower's fixed assets of sugar unit at Nizam sagar."-Personal Guarantee of Mrs. T. Indira Subbarani Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy."	6 years including moratorium of 1 year from date of first disbursement. The term loan is repayable in 60 equal monthly installments commencing after moratorium of 1 year.	@ 1.00% over 1 yr MCLR + SP i.e 9.60% p.a with monthly rests. However ROI should not be lower than that of Andhra Bank ROI.	53	56 Monthly equal installments	406.00	435.00
17	Sugar Development Fund- Term Loan	Pari-passu First Charge on the Fixed Assets of the Nizamsagar Unit.	5 yearly instalments after moratorium of 8 years from date of disbursement.	4%	18	10 Monthly equal installments	1,991.60	1,991.60
	Un Secured Loans							
Sl. No.	Loans	Security	Terms of Repayment	Applicable Interest rates	Period of Maturity with respect to balance sheet date (Months)	Number of Installments due	Outstanding as on March 31, 2017 ₹ in lakhs	Outstanding as on March 31, 2016 ₹ in lakhs
1	Mohan Project Contractors Private Limited	Unsecured	The Lender, has an option to convert the loan in full or partly into Equity or Preference shares of the company at any time during the tenure of term loan which is March 31, 2020.	9.50%	36	NA	2,259.85	2,259.85

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

S.No.	Term Loans	As at 31 March, 2017		As at 31 March, 2016	
		Period of Default (days)	Amount ₹ in lakhs	Period of Default (days)	Amount ₹ in lakhs
1	Bank of Baroda - Term loan	19-78	166.67	19	55.56
2	Andhra Bank-Harvesting Equipment Term loan	32	23.59	32	23.17
3	Andhra Bank-Excise Duty Term loan	25-84	52.75	—	—
4	Union Bank of India -Excise Duty Term loan	20-79	22.61	—	—
5	Bank of Baroda -Excise Duty Term loan	14-73	29.03	—	—
6	State Bank of India -Excise Duty Term loan	1-60	24.18	—	—
7	Punjab National Bank -Excise Duty Term loan	16-44	4.99	—	—
8	Andhra Bank - Soft loan	2-61	36.40	—	—
9	Union Bank of India -Soft loan	2-61	22.35	—	—
10	Bank of Baroda -Soft loan	2-61	20.00	—	—
11	State Bank of India -Soft loan	1-60	16.70	—	—
12	Punjab National Bank -Soft loan	3-32	3.43	—	—
13	Andhra Bank - Corporate loan	2-61	39.60	—	—
14	Bank of Baroda -Corporate loan	1-60	21.75	—	—
15	State Bank of India -Corporate loan	31-59	12.10	—	—
16	Punjab National Bank -Corporate loan	15-43	3.73	—	—
17	Sugar Development Fund Term Loan	134-1230	1,394.12	134-864	995.80
	Interest				
1	Bank of Baroda-Term loan	1-60	15.88	1	10.72
2	Andhra Bank-Harvesting Equipment Term loan	1-60	1.42	1	1.51
3	Andhra Bank-Excise Duty Term loan	1-60	15.81	1	6.57
4	Union Bank of India -Excise Duty Term loan	1-60	9.74	1	5.11
5	Bank of Baroda -Excise Duty Term loan	1-60	9.45	1	3.71
6	State Bank of India -Excise Duty Term loan	1-60	9.16	1	4.30
7	Punjab National Bank -Excise Duty Term loan	1	0.40	—	—
8	Andhra Bank - Soft loan	1-60	22.30	1	7.94
9	Union Bank of India -Soft loan	1-60	13.38	1	4.64
10	Bank of Baroda -Soft loan	1-60	12.46	1	4.35
11	State Bank of India -Soft loan	1-60	12.96	1	4.68
12	Punjab National Bank -Soft loan	1-32	2.01	—	—
13	Andhra Bank - Corporate loan	1-60	21.24	1	7.62
14	Bank of Baroda -Corporate loan	1-60	13.55	1	4.73
15	State Bank of India -Corporate loan	1-60	12.61	1	4.64
16	Punjab National Bank -Corporate loan	1-32	1.87	—	—
17	Interest accrued and due on Right of Recompense (ROR)	—	—	366-1371	694.96
18	Mohan Project Contractors Private Limited	1-275	135.49	—	—
19	Sugar Development Fund Term Loans	134-1230	933.08	134-864	574.92

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹ in lakhs	As at 31 March, 2016 ₹ in lakhs
Note 6 Other Long Term Liabilities		
Crop loan	2,162.67	—
Interest accrued but not due on borrowings	83.52	234.23
Interest on crop Loan	14.95	—
Interest accrued but not due on non-convertible debentures	1.37	—
Total	2,262.51	234.23
Note 7 Long-term Provisions		
Provision for employee benefits (Refer Note 27 (b))		
Compensated absences	49.98	47.99
Gratuity	331.47	289.64
Total	381.45	337.63
Note 8 Short-term borrowings		
Loans repayable on demand from banks		
Secured (Refer Notes (i) to (iv) below)	6,559.22	6,431.08
Total	6,559.22	6,431.08

Notes :

Loans repayable on demand from banks:

State Bank of India	1,138.94	1,123.90
Bank of Baroda	1,346.60	1,160.67
Andhra Bank	2,208.74	2,307.12
Punjab National Bank	348.26	339.74
United Bank of India	1,516.68	1,499.65
Total	6,559.22	6,431.08

Details of security for the short - term borrowings :

- (i) First charge on all chargeable current assets of the Company (viz.) sugar, molasses, bagasse, stores and spares, extra neutral alcohol, rectified spirit and receivables on pari-passu basis with other members of the consortium lenders.
- (ii) Second charge on the Company's present and future fixed assets (both moveable and immovable) of sugar unit and distillery unit situated at Adloor Yellareddy Village, Sadashivnagar Mandal, Kamareddy District and sugar unit located at Maggi village, Kamareddy District of Telangana State on pari-passu basis with the other members of the Consortium, Sugar Development Fund and Non-convertible debentures holders.
- (iii) First pari pasu charge on pledge of 79 lakh shares of Gayatri Sugars Limited belonging to Smt. T. Indira Subbarami Reddy and Sri T.V. Sandeep Kumar Reddy, on pari-passu basis with other members of the consortium lenders.
- (iv) Personal guarantee of Shri T.V. Sandeep Kumar Reddy, Smt. T Indira Subbarami Reddy and Smt. T. Sarita Reddy.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹ in lakhs	As at 31 March, 2016 ₹ in lakhs
Note 9 Trade Payables		
Trade Payables - Other than acceptances		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 26.2)	—	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,265.58	8,726.18
Total	1,265.58	8,726.18
Note 10 Other Current Liabilities		
Current maturities of long-term debt (Refer Note 5)	3,921.42	3,159.96
Interest accrued but not due on borrowings	175.41	164.82
Interest accrued and due on borrowings	1,242.81	1,332.64
Other payables		
Statutory remittances	431.17	1,035.90
Payables on purchase of fixed assets	2.68	178.04
Advances from customers	521.92	961.37
Crop loan	1,066.99	2,460.58
Interest on crop loan	53.58	243.68
Total	7,415.98	9,536.99
Note 11 Short-term Provisions		
(a) Provision for employee benefits (Refer Note 27 (b))		
Compensated absences	5.13	5.04
Gratuity	16.60	14.28
	21.73	19.32
(b) Provision - others *		
Provision for tax on preference dividend	8.03	8.03
	8.03	8.03
Total	29.76	27.35

*The The Company had made the provision towards preference dividend (6% Cumulative redeemable preference shares) of ₹ 57.22 lakhs and dividend distribution tax thereon of ₹ 8.03 lakhs 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 was in the process of obtaining consent for not remitting the same. Subsequently, the Company has remitted the amount to the preference shareholder.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 12 FIXED ASSETS

Description	Cost				Depreciation /Amortisation			Net book value	
	Balance as at 1 April, 2016	Additions/ Adjustments	Disposals	Balance as at 31 March, 2017	Balance as at 1 April, 2016	For the year	On disposals	Balance as at 31 March, 2017	Balance as at 31 March, 2016
A. Tangible assets									
Land freehold	333.95 (333.95)	—	—	333.95 (333.95)	—	—	—	333.95	333.95
Buildings	3,651.77 (3,645.18)	0.90 (6.59)	—	3,652.67 (3,651.77)	1,524.73 (1,411.35)	113.09 (113.38)	—	2,014.85	2,127.04
Plant and equipment	22,013.71 (21,678.25)	94.09 (338.38)	—	22,107.80 (22,013.71)	11,457.39 (10,591.35)	876.85 (866.74)	—	9,773.56	10,556.32
Furniture and fixtures	20.59 (20.59)	0.03 —	—	20.62 (20.59)	20.05 (19.86)	0.22 (0.19)	—	0.35	0.54
Vehicles	86.99 (91.55)	0.61 —	—	87.60 (86.99)	76.46 (78.86)	2.17 (2.16)	—	8.97	10.53
Computers	76.52 (75.23)	1.84 (1.29)	—	78.36 (76.52)	74.13 (73.03)	1.15 (1.10)	—	3.08	2.39
Total	26,183.53	97.47	—	26,281.00	13,152.76	993.48	—	12,134.76	13,030.77
Previous Year	(25,844.75)	(346.26)	(7.48)	(26,183.53)	(12,174.45)	(983.57)	(5.26)	(13,152.76)	—
B. Intangible assets									
Goodwill	1,211.84 (1,211.84)	—	—	1,211.84 (1,211.84)	1,211.84 (1,211.84)	—	—	1,211.84 (1,211.84)	—
Software	—	2.07	—	2.07	—	0.18	—	1.89	—
Total	1,211.84	2.07	—	1,213.91	1,211.84	0.18	—	1,212.02	—
Previous Year	(1,211.84)	—	—	(1,211.84)	(1,211.84)	—	—	(1,211.84)	—

Notes: (i) Figures in brackets relates to previous year.

C. Depreciation and amortisation for the year :

Description	₹ in lakhs	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Depreciation for the year on tangible assets as per Note 12 A	993.48	983.57
Amortisation for the year on intangible assets as per Note 12 B	0.18	—
Depreciation and amortisation -	993.66	983.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹ in lakhs	As at 31 March, 2016 ₹ in lakhs
Note 13 Long term loan and advances		
(Unsecured, considered good, unless otherwise stated)		
Capital Advances	10.29	—
Security Deposits	73.08	—
Prepaid Expenses	6.74	—
Total	90.11	—
Note 14 Other non-current assets		
Margin money deposits with banks*	1.51	—
* Represents margin money deposits with maturity of more than twelve months from the balance sheet date.		
Total	1.51	—
Note 15 Inventories		
(At lower of cost and net realisable value)		
Finished goods	3,014.00	11,797.35
Stores and spares	344.61	334.15
By-products	697.07	1,107.31
Total	4,055.68	13,238.81
Details of finished goods and by-products		
(i) Finished goods		
Sugar	2,294.98	11,064.29
Rectified spirits & Ethanol	718.99	732.94
Carbondi-oxide- CO2	0.03	0.12
Total	3,014.00	11,797.35
(ii) By-products		
Molasses	361.35	683.67
Molasses in distillery	305.61	188.32
Bagasse	30.11	235.32
Total	697.07	1,107.31
Note 16 Trade receivables		
(Unsecured, considered good, unless otherwise stated)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	3.90	24.95
Other trade receivables	1,602.50	473.51
Total	1,606.40	498.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2017 ₹ in lakhs	As at 31 March, 2016 ₹ in lakhs
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Note 17 Cash and bank equivalents

A) Cash and cash equivalents

(as per AS 3 Cash Flow Statements)

Cash on hand	1.01	1.03
Cheques, drafts on hand	515.00	—
Balances with banks in current accounts	340.25	109.74
Sub - total Cash and cash equivalents (as per AS 3 Cash Flow Statement)	856.26	110.77

B) Other bank balances

In earmarked accounts

Balances held as margin money or security against
guarantees and other commitments

	4.23	—
Sub-total other bank balances	4.23	—

Total	860.49	110.77
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Note : Margin money deposits amounting to ₹ 1.51 lakhs (As at 31 March, 2016 : ₹ Nil) which have a maturity of more than twelve months from the balancesheet date have been classified under other non current assets [Refer Note. 14].

During the year, the Company has specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December, 2016. The denomination wise SBNs and other notes as per the notification is given below : in ₹

Particulars	SBNs	ODNs*	Total
Closing cash and hand as on 8 November, 2016	7,500	55,035	62,535
Add : Permitted Receipts	—	2,024,231	2,024,231
Less : Permitted Payments	—	(1,969,773)	(1,969,773)
Less : Amounts Deposited in Banks	(7,500)	—	(7,500)
Closing cash in hand as on 30 December, 2016	—	109,493	109,493

* ODNs - Other Denominations

Note 18 Short-term loans and advances

(Unsecured, considered good, unless otherwise stated)

Loans and advances

Considered good	868.62	167.35
Considered doubtful	41.47	41.47

Less: Provision for doubtful loans and advances

	910.09	208.82
	41.47	41.47

	868.62	167.35
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Security deposits	153.91	231.55
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Loans and advances to employees	14.35	10.01
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Prepaid expenses	53.34	53.66
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Balances with government authorities		
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(i) CENVAT credit receivable	28.92	57.13
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Advance tax and tax deducted at source	5.63	5.54
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Total	1,124.77	525.24
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Note 19 Other current assets

Interest Subvention on Excise duty term
loan & Soft Loans

	42.64	158.73
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Cane development incentive	22.51	—
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Total	65.15	158.73
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2017 ₹ in lakhs	For the year ended 31 March, 2016 ₹ in lakhs
Note 20 Revenue from operations		
Sale of products (Refer Note (i) below)	24,746.20	25,418.47
Other operating revenues (Refer Note (ii) below)	31.59	38.65
Total	24,777.79	25,457.12
Notes:		
(i) Sale of products comprises		
<u>Manufactured goods</u>		
Sugar	21,452.66	22,566.62
Rectified spirit	761.00	1,871.04
Ethanol	2,332.10	51.05
Power	175.50	902.92
Carbondi-oxide- CO2	15.09	12.89
Bagasse	9.85	13.95
Total	24,746.20	25,418.47
(ii) Other operating revenues comprise:		
Sale of scrap	31.59	38.65
Total	31.59	38.65
Note 21 Other income		
Interest income		
On fixed deposits with banks	0.30	—
On electricity deposit	0.26	—
Liabilities / provisions no longer required written back*	0.93	16.77
Insurance claims	0.09	0.45
Harvesting machine receipts	3.91	21.50
Profit on sale of fixed assets	—	0.52
Total	5.49	39.24
(* Net of the advances to growers written off ₹ Nil {Previous year ₹ 18.80 lakhs})		
Note 22. (a) Cost of materials consumed		
Opening stock	—	—
Add: Purchase of sugar cane, molasses etc.	6,793.82	17,896.73
Less: Closing stock	—	—
Total	6,793.82	17,896.73
Material consumed comprises:		
Sugar cane	5,941.14	17,623.22
Molasses	750.49	-
Others	102.19	273.51
Total	6,793.82	17,896.73
Note 22 (b) Changes in inventories of finished goods and work-in-process		
Inventories at the end of the year:		
Finished goods (including by-products)	3,711.07	12,904.66
Inventories at the beginning of the year:		
Finished goods (including by-products)	12,904.66	12,134.22
Net Decrease / (increase)	9,193.59	(770.44)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2017 ₹ in lakhs	For the year ended 31 March, 2016 ₹ in lakhs
Note 23 Employee benefits expense		
Salaries and wages	1,346.43	1,301.02
Contributions to provident and other funds	87.27	82.07
Gratuity (Refer Note 27 (b))	53.98	140.25
Staff welfare expenses	47.25	43.03
Total	1,534.93	1,566.37
Note 24 Finance costs		
Interest expense on:		
Borrowings	1,854.75	1,935.47
Non - convertible Debentures	1.37	—
Others		
(i) Crop loans*	163.06	346.32
(ii) Interest on delayed payment of Tax deducted at source	6.55	—
Other borrowing costs	34.02	62.73
(* Net of interest recovered ₹ 12.63 Lakhs {Previous year ₹ 16.86 lakhs})		
Total	2,059.75	2,344.52
Note 25 Other expenses		
Consumption of stores and spare parts	884.39	1,241.93
Sugar Transport	894.64	1,202.65
Facilitation Fee	—	237.70
Distillery expenses	72.33	67.38
Handling charges	67.42	87.44
Power and fuel	167.70	146.38
Rent	17.66	14.38
Repairs and maintenance		
-Buildings	9.77	15.40
-Machinery	187.77	259.73
- Others	15.91	20.32
Insurance	28.56	29.74
Rates and taxes	70.22	127.05
Communication	16.27	14.59
Travelling and conveyance	56.88	57.66
Printing and stationery	5.91	4.40
Sales Commission	6.97	8.96
Legal and professional	23.24	29.96
Payments to auditors (Refer Note below)	15.00	15.00
Bad trade receivables written off	—	2.19
Provision for doubtful advances	—	5.02
Miscellaneous expenses	137.85	153.50
Total	2,678.49	3,741.38
Note : Payment to the auditors comprise (net of service tax input credit)		
Audit fees	9.00	9.00
Limited reviews	6.00	6.00
Total	15.00	15.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2017 ₹ in lakhs	For the year ended 31 March, 2016 ₹ in lakhs
26. Additional information to the financial statements		
26.1 Contingent liabilities and commitments		
(i) Contingent liabilities		
(a) Excise	138.82	138.82
(b) Dividend on 6% cumulative redeemable preference shares	436.86	762.18
(c) Others	38.48	38.48
(d) Electricity duty on captive consumption	283.99	—
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances : ₹ 10.29 lakhs (As at 31 March, 2016 : Nil)	50.00	—
(b) Other commitments - for cane purchase agreements for the crusing season 2017-18	16,539.53	9,622.46
26.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
Based on the information available with the Company, there are no dues / interest outstanding to micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March, 2017 (As at 31 March, 2016 : Nil)		
26.3 Details of consumption of imported and indigenous items		
Raw Materials		
Imported	—	—
Indigeneous	6,793.82	17,896.73
	<u>6,793.82</u>	<u>17,896.73</u>
% Consumption		
Imported	—	—
Indigenous	100.00	100.00
Spares & Consumables		
Imported	—	—
Indigenous	884.39	1,241.93
	<u>884.39</u>	<u>1,241.93</u>
% Consumption		
Imported	—	—
Indigenous	100	100

26.4 The cane development incentive will be paid by the company to encourage farmers to harvest the sugar crop and supply sugarcane to the Company without any disruption in the upcoming season. Such incentives are determined based on contractual terms agreed with the farmers against supplies.

Note 27 Employee benefit plans

(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 ₹ 87.00 lakhs (31 March, 2016: ₹ 81.93 lakhs) 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.

(b) **Defined benefit plans**

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Components of employer expense				
Current service cost	18.35	0.62	16.61	4.50
Interest cost	22.28	3.89	12.74	2.83
Actuarial losses	13.35	19.43	110.90	29.02
Total expense recognised in the Statement of Profit and Loss	53.98	23.94	140.25	36.35
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	303.92	53.03	170.77	37.93
Current service cost	18.35	0.62	16.61	4.50
Interest cost	22.28	3.89	12.74	2.83
Actuarial losses	13.35	19.43	110.90	29.02
Benefits paid	(9.83)	(21.86)	(7.10)	(21.25)
Present value of DBO at the end of the year	348.07	55.11	303.92	53.03
Actuarial assumptions				
Discount rate	7.33%	7.33%	7.46%	7.46%
Salary escalation	6%	6%	6%	6%
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	₹ in lakhs				
	2016-17	2014-16	2014-15	2013-14	2012-13
Gratuity					
Present value of DBO	348.07	303.92	170.77	141.96	157.12
Compensated Absences					
Present value of DBO	55.11	53.03	37.93	32.38	31.66

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 28 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: ₹ in lakhs

Particulars	For the year ended 31 March, 2017				For the year ended 31 March, 2016			
	Business segments		Eliminations	Total	Business segments		Eliminations	Total
	Sugar	Distillery			Sugar	Distillery		
Revenue	21,669.60	3,108.19	—	24,777.79	23,522.14	1,934.98	—	25,457.12
Inter-segment revenue	762.04	—	762.04	—	1,573.68	—	1,573.68	—
Total	22,431.64	3,108.19	762.04	24,777.79	25,095.82	1,934.98	1,573.68	25,457.12
Segment result * @	2,853.13	281.52	—	3,134.65	1,201.62	(248.43)	—	953.19
Finance cost** @@	2,059.75	—	—	2,059.75	2,344.52	—	—	2,344.52
Other unallocable income (net)	—	—	—	5.49	—	—	—	39.24
Profit/(Loss) before taxes	—	—	—	1,080.39	—	—	—	(1,352.09)
Tax expense	—	—	—	—	—	—	—	—
Profit/(Loss) for the year	—	—	—	1,080.39	—	—	—	(1,352.09)
Segment assets	16,017.90	3,926.46	—	19,944.36	23,756.12	3,801.12	—	27,557.24
Unallocable assets	—	—	—	5.63	—	—	—	5.54
Total assets	—	—	—	19,949.99	—	—	—	27,562.78
Segment liabilities	23,922.53	123.42	—	24,045.95	32,512.38	226.75	—	32,739.13
Unallocable liabilities	—	—	—	8.03	—	—	—	8.03
Total liabilities	—	—	—	24,053.98	—	—	—	32,747.16
Net Assets	—	—	—	(4,103.99)	—	—	—	(5,184.38)
Other information	—	—	—	—	—	—	—	—
Capital expenditure- Tangible	83.47	14.00	—	97.47	7.88	338.38	—	346.26
Capital expenditure- Intangible	—	2.07	—	2.07	—	—	—	—
Depreciation and amortisation	609.11	384.55	—	993.66	609.48	374.09	—	983.57

* Includes sale of power ₹ 175.50 lakhs (31.03.2016 ₹ 1,130.32 lakhs), 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.^{am}

@ Sugar results for the year ended March 31, 2017 includes ₹ 150.47 lakhs (Refer Note 35(a)) and for the year ended 31 March, 2016 includes differential energy tariff ₹ 227.40 lakhs (Refer Note 35(b))

@@ Finance costs to be adjusted to Sugar results

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 29 Related party disclosures

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

Description of relationship	Names of related parties
Promoter / Shareholder	Dr. T Subbarami Reddy
Key Management Personnel (KMP)	Smt. T. Indira Subbarami Reddy - Chairperson Sri. T.V. Sandeep Kumar Reddy -Vice Chairman Smt. T. Sarita Reddy- Managing Director Mr. V.R. Prasad - Chief Financial Officer Ms. Munmun Baid - Company Secretary
Enterprises in which KMP / Relatives of KMP can exercise significant influence.	Gayatri Projects Limited TSR Holdings Private Limited Deep Corporation Private Limited Gayatri Fin-Holdings Private Limited Gayatri Hi-tech Hotels Limited Gayatri Capital Limited Gayatri Leasefin Private Limited T. Gayatri Engg. Co. Private Ltd T. Rajeev Reddy Real Estates Developers Pvt. Ltd. T. Anirudh Reddy Builders & Developers Pvt. Ltd. Maheswari Hotels & Theatres Private Limited Maheswari Film Productions Private Limited Indira Publications Private Limited Parameshwari Land Holdings Private Limited Gayatri Property Ventures Private Limited Gayatri Urban Ventures Private Limited Sandeep Housing Developers Private Limited Gayatri Realty Ventures Private Limited Indira Realty Holdings Private Limited Maheswari Townships Private Limited Sarita Land Holdings Private Limited Gayatri Contech Private Limited Indira Constructions Private Limited Gayatri Hotel Ventures Private Limited Gayatri Hotels and Theatres Private Limited Gayatri Tissue & Papers Limited Gayatri Bio Organics Limited Indira Energy Holdings Private Limited
Trust under Common Management	TSR Foundation

Note: Related parties have been identified by the Management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2016:

₹ in lakhs

Particulars	Enterprises in which KMP/Relatives of KMP can exercise significant influence	Key Management Personnel	Trust under common management	Total
Remuneration to Managing Director	—	41.87 (40.66)	—	41.87 (40.66)
Remuneration to CFO	—	17.15 (16.29)	—	17.15 (16.29)
Remuneration to CS	—	3.70 (2.61)	—	3.70 (2.61)
Rent, Power charges paid	14.99	—	—	14.99
Deep Corporation Private Limited	(10.48)	—	—	(10.48)
Conference Expenses	2.11	—	—	2.11
Gayatri Hi-Tech Hotels Ltd	—	—	—	—
Un Secured Loan (taken and paid)	—	—	—	—
Managing Director	—	(315.25)	—	(315.25)
Contribution towards donations	—	—	6.00	6.00
TSR Foundation	—	—	(6.00)	(6.00)
Balances outstanding at the end of the year				
Guaantees given against working capital loans and item loans				
Smt. T Indira Subbarami Reddy - Director	—	15,103.00	—	15,103.00
Sri. T.V. Sandeep Kumar Reddy -Vice Chairman	—	(15,582.00)	—	(15,582.00)
Smt. T Sarita Reddy- Managing Director ^a	—	—	—	—
No of shares pledged against working capital loans and term loans		No of shares		No of shares
Smt. T Indira Subbarami Reddy - Director		36.50 (36.50)		36.50 (36.50)
Sri. T.V. Sandeep Kumar Reddy -Vice Chairman		42.50 (42.50)		42.50 (42.50)

Note: Figures in bracket relates to the previous year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Note 30 (i) Earnings per share (Basic)			
	Net Profit/(Loss) for the year (₹ in lakhs)	1,080.39	(1,352.09)
	Less: Preference dividend and tax thereon (₹ in lakhs)	228.28	297.15
	Net Profit/(Loss) for the year attributable to the equity shareholders (₹ in lakhs)	852.11	(1,649.24)
	Weighted average number of equity shares	43,700,506	43,700,506
	Par value per share (₹)	10.00	10.00
	Earnings per share - Basic (₹)	1.95	(3.77)

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Note 30 (ii) Earnings per share (Diluted)			
	Net Profit/ (loss) for the year attributable to the equity shareholders (₹ in lakhs) - per above	852.11	(1,649.24)
	Add : Interest expense on convertible unsecured loan for the year	182.97	—
	Net Profit/ (loss) for the year attributable to the equity shareholders on dilution (₹ in lakhs)	1,035.08	(1,649.24)
	Weighted average number of equity shares for Basic EPS	43,700,506	43,700,506
	Add: Effect of convertible un-secured Loan which is dilutive	22,598,524	—
	Weighted average number of equity shares for Diluted EPS	66,299,030	43,700,506
	Par value per share (₹)	10.00	10.00
	Earnings per share - Diluted (₹)	1.56	(3.77)

Note : Potential Equity Shares on account of conversion of 6% Cumulative Optionally Convertible Preference Shares has been ignored in calculating Diluted EPS since it is anti-dilutive in nature as on 31 March, 2016

Note	Particulars	As at 31 March, 2017 ₹ in lakhs	As at 31 March, 2016 ₹ in lakhs
Note 31 Deferred tax (liability) / asset			
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	(2,021.96)	(2,054.78)
	Tax effect of items constituting deferred tax liability	(2,021.96)	(2,054.78)
	Tax effect of items constituting deferred tax assets		
	Provision for compensated absences, gratuity and other employee benefits	124.58	110.29
	Provision for doubtful advances	12.81	12.81
	Unabsorbed depreciation carried forward	1,884.57	1,931.68
	Tax effect of items constituting deferred tax assets	2,021.96	2,054.78
	Net deferred tax (liability) / asset	—	—

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 32 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 33 The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh dismissed the Company's writ petition (along with the other petitions on the same matter filed by other companies) vide its common order dated May 19, 2016 ('the Order') in which it upheld the validity of levy of Electricity Duty @ 25 paise per unit by the State Government on consumption of electricity by captive generating units relating to earlier years. During the year, the Company filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court which dismissed the SLP vide order dated September 27, 2016 on the grounds that these matters were pending before the Board for Industrial and Financial Reconstruction (BIFR), and unless payments were being made by the petitioners as directed in its interim orders @15 paise per unit. The Hon'ble Supreme Court also granted liberty to the petitioners to revive the petitions after the decision is given by the BIFR. Currently, the case filed before BIFR stands abated and the Company has not initiated any proceedings before the NCLT.

The Company has treated the estimated duty amount aggregating ₹ 283.99 lakhs as a Contingent Liability and no provision has been made in respect of the same. In the event of an unfavourable verdict in this matter, the Management based on the Supreme Court's interim orders and considering the inherent uncertainty in predicting the final outcome of the above litigation estimates the impact of the potential liability to be ₹ 170.39 lakhs.

In view of the above, the auditors have made a qualification in their Audit Report about their inability to comment on the ultimate outcome of this matter and the consequential impact, if any, on these financial statements.

Note 34 Over the last few years, the Company has been incurring losses and as at March 31, 2017 the accumulated losses amounting to ₹ 12,804.58 lakhs (31st March, 2016 ₹ 13,884.97 lakhs) have completely eroded the net worth and, its current liabilities exceeded the current assets as on that date. The Sugar Companies have been facing financial difficulties on account of higher sugar cane prices, lower realization of sugar and high finance cost.

Owing to the complete erosion of the net-worth of the Company, the Board of Directors, in their meeting held on August 14, 2015 decided to make a reference under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) to the Board for Industrial and Financial Reconstruction (BIFR) which in their hearing held on October 19, 2016 declared the Company as a Sick Industrial Company under section 3 (1) (0) of SICA, 1985. The BIFR appointed IDBI as the Operating Agency (OA) and the Company was required to submit the Draft Rehabilitation Proposal to the OA within a period of 8 weeks and the next date of hearing by the BIFR was fixed on December 27, 2016. Consequent to the repeal of SICA w.e.f. December 1, 2016, the case filed by the Company under the BIFR stands abated and the Company has an option to file a revised petition within 180 days before the NCLT. Based on the discussions with several lenders/Banks, the Company has decided not to initiate the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016, before the NCLT.

The financial statements have been prepared on a going concern basis, based on a Comfort letter provided by the promoters for continued support to the Company to meet its financial obligations, in order to enable the Company to continue its operations in the foreseeable future.

Note 35 Exceptional items

(a) Exceptional item for the quarter and year ended March 31, 2017 represents liability no longer required and written back of ₹ 150.47 lakhs relating to non-fulfillment of contractual obligations/damages.

(b) Exceptional item for the year ended March 31, 2016 - The Telangana State Electricity Regulatory Commission (TSERC) passed the final order on September 18, 2015 for upward revision of tariff in favour of the Company in respect of energy exported in the earlier years. On receipt of the TSERC order, the Company recognised the differential revenue of ₹ 227.40 lakhs, which amount was also received.

Note 36 In the earlier years 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, which shall be compensated by the Company at the end of the scheme.

During the year ended March 31, 2017, the Company has allotted 6,950,500 Secured Unlisted Non-Convertible Debentures (NCD) of ₹ 10/- each at a coupon rate of 4% to the Banks.

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Note 37 The tenure of appointment of the Executive Director (designated as a Managing Director w.e.f August 29, 2016) ended on April 30, 2016. The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 20, 2016, approved the appointment and payment of remuneration for a period of three years with effect from May 1, 2016 on the same terms of earlier appointment. The said appointment and payment/provision of remuneration was approved by the shareholders in the Annual General Meeting held on September 26, 2016. The Company has sought the necessary approval from Central Government, whose response is pending.

Note 38 Financial Reporting Process : The Management conducted an assessment of the effectiveness of the internal control over financial reporting using the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on this assessment, Management identified deficiencies in the internal control over financial reporting, that constitute material weaknesses, in respect of certain reconciliations between various accounting systems and the period - end adjustments.

The Company uses various subsystems, the output from which, is being used for accounting in the financial package maintained by the Company. Consequent to certain deficiencies in IT General and Application controls in the software platforms used for financial reporting, there were differences between sub-systems / sub- ledgers with the general ledger, which have been manually reconciled by the Company. Further, Management review controls over entity's financial reporting were ineffective as evidenced by recording of certain period-end adjustment entries. Whilst all necessary adjustment entries were passed in the books of account for the year ended March 31, 2017, the related material weakness in internal control was remediated after the year-end.

Also refer Note 33 in respect of Management's assessment of estimating potential liability relating to a disputed matter as described in the aforesaid Note.

Note 39 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

T.V. Sandeep Kumar Reddy
Vice Chairman

T. Sarita Reddy
Managing Director

Place : Hyderabad
Date : May 29, 2017

V.R. Prasad
Chief Financial Officer

Munmun Baid
Company Secretary

PROXY FORM

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

CIN: L15421TG1995PLC020720

Name of the company: Gayatri Sugars Limited

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on 29.06.2017 at 10:30 P.M. at “FTAPCCI Auditorium”, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, D. No. 11-6-841, Red Hills, Hyderabad - 500004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution	For	Against
1. Adoption of Financial Statements for the Year ended 31.03.2017.		
2. Re-Appointment of Mr. T.V. Sandeep Kumar Reddy who retires by rotation.		
3. To Appoint Statutory Auditors and fix their Remuneration.		
4. Appointment of Mr. Raghuraj Suresh Bhalerao as Independent Director of the Company.		
5. Ordinary Resolution for ratification of remuneration payable to M/s. Narasimha Murthy & Co., appointed as Cost Auditors of the Company for the F.Y. 2017-18.		

Signed this..... day of..... 2017

Signature of shareholder:
Signature of Proxy holder(s):

Affix Re. 1/- revenue stamp

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

GAYATRI SUGARS LIMITED

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

CIN: L15421TG1995PLC020720

ATTENDANCE SLIP
22nd 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 22nd Annual General Meeting of the Company on Thursday,
the 29th June, 2017 at 10.30 a.m.

.....
*Member/Proxy Signature

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

11/09/2015

TSR Towers to FAPCII, Hyderabad, Telangana - Google Maps

Google Maps TSR Towers to FAPCII, Hyderabad, Telangana Drive 3.1 km, 12 min



Map data ©2015 Google 500 m

via Raj Bhavan Rd and NH 9 12 min
 9 min without traffic · 3.1 km

Details

via Raj Bhavan Rd 14 min

Hyderabad Decan Local 16 min

If undelivered, please return to :

GAYATRI SUGARS LIMITED

CIN: L15421TG1995PLC020720

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

Rajbhavan Road, Somajiguda,

Hyderabad - 500 082.