



# **GAYATRI SUGARS LIMITED**

**TWENTY FOURTH ANNUAL REPORT  
2018-19**



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

Day : Thursday

Date : 26<sup>th</sup> September, 2019

TIME : 11:30 A.M.

Venue : FTCCI SURANA AUDITORIUM  
The Federation of Telangana  
Chambers of Commerce and Industry,  
Federation House, FAPCCI Marg,  
11-6-841, Red Hills, P.B. 14,  
Hyderabad – 500 004.

# TWENTY FOURTH ANNUAL REPORT 2018-19

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### CHIEF FINANCIAL OFFICER

Mr. V.R. Prasad

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Chetan Kumar Sharma

### REGISTERED OFFICE

B2, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers,  
Rajbhavan Road, Somajiguda,  
Hyderabad - 500 082.  
Phone Nos: 040-23414823/26  
Email: gayatrisugars@gmail.com

### CORPORATE IDENTITY NUMBER

L15421TG1995PLC020720

### AUDITORS

M O S & Associates LLP  
Chartered Accountants  
Somajiguda, Hyderabad

### 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,  
Kamareddy District,  
Telangana State

#### Nizamsagar Unit

Maagi Village,  
Nizamsagar Mandal,  
Kamareddy District,  
Telangana State

## NOTICE

NOTICE is hereby given that the **24<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of Gayatri Sugars Limited will be held on Thursday, September 26, 2019 at 11:30 A.M. at FTCCI Surana Auditorium, The Federation of Telangana Chambers of Commerce and Industry, Federation House, 11-6-841, FAPCCI Marg, Red Hills, P.B. 14, Hyderabad-500 004, to transact the following business:

### **ORDINARY BUSINESS:**

#### **Item No. 1 – Adoption of Audited Financial Statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the Reports of the Board of Directors and the Auditors thereon.

#### **Item No. 2 – Reappointment of a Director**

To appoint a director in place of Mr. T. V. Sandeep Kumar Reddy [DIN: 00005573] who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, seeks re-appointment.

### **SPECIAL BUSINESS:**

#### **Item No. 3 - Re-appointment of Mr. T. R. Rajagopalan as an Independent Director**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, Mr. T. R. Rajagopalan (DIN: 00020643), who was appointed as an Independent Director at the 19th Annual General Meeting of the Company and who holds office up to September 29, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term commencing with effect from September 30, 2019 up to September 29, 2024, not liable to retire by rotation.”

#### **Item No. 4 - Re-appointment of Mr. J. N. Karamchetti as an Independent Director**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, Mr. J. N. Karamchetti (DIN: 00940963), who was appointed as an Independent Director

at the 19th Annual General Meeting of the Company and who holds office up to September 29, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term commencing with effect from September 30, 2019 up to September 29, 2024, not liable to retire by rotation.”

**Item No. 5 - Ratification of Remuneration of Cost Auditors**

To consider and if thought fit, to pass 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, including any amendment, modification or variation thereof, 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 2019-20, for a remuneration of Rs. 2,00,000 (Rupees Two Lakhs) per annum plus applicable taxes and out of pocket expenses that may be incurred, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors (the ‘Board’ which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution and/or otherwise considered by them to be in the best interest of the Company.”

**NOTES:**

1. The Statement, pursuant to Section 102 of the Companies Act, 2013 (‘Act’) with respect to Item Nos. 3 to 5 forms part of this Notice. Additional information, pursuant to applicable Regulations of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India in respect of Directors seeking appointment/re-appointment at this Annual General Meeting (‘Meeting’ or ‘AGM’) is furnished as annexure to the Notice.
2. **A 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 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.
3. 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.

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4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution to the Company/Registrar & Transfer Agent, authorising their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 19, 2019 to Thursday, September 26, 2019 (Both days inclusive).
6. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
7. 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.
8. 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.
9. 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.
10. Section 20 of the Companies Act, 2013, as amended from time to time, permits service of documents on Members by a company through electronic mode. Hence, in accordance with the Companies Act, 2013 read with the Rules framed thereunder, as amended, the Annual Report 2018-19 is being sent through electronic mode to those Members whose email addresses are registered with the Company/Depository Participant unless any Member has requested for a physical copy of the Report. For Members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by the permitted modes. Members may note that Annual Report 2018-19 and Notice of the 24<sup>th</sup> Annual General Meeting is also available on the Company's website [www.gayatrisugars.com](http://www.gayatrisugars.com).
11. Relevant documents referred to in the Notice and the accompanying Statement are open for inspection by the Members at the Registered Office of the Company during business hours on all working days, up to the date of the AGM and will also be kept open at the venue of the AGM till the conclusion of the AGM.
12. 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.
13. 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.
14. During Financial Year 2018-19, the Securities and Exchange Board of India ('SEBI') and the Ministry of Corporate Affairs ('MCA') has mandated that existing Members of the Company who hold securities in physical form and intend to transfer their securities after April 1, 2019, can do so only in dematerialized form. Therefore, Members holding shares in physical form are requested to consider converting their shareholding to dematerialised form to eliminate all risks associated with physical shares for ease of portfolio management as well

as for ease of transfer, if required. Shareholders can write to the Company at [cs.gsl@gayatri.co.in](mailto:cs.gsl@gayatri.co.in) or contact the Registrars and Transfer Agent - **Venture Capital And Corporate Investments Private Limited** at [info@vccilindia.com](mailto:info@vccilindia.com) and +91 040 623818475 for assistance in this regard.

15. 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 **Venture Capital And Corporate Investments Private Limited**, Share Transfer Agents of the Company for their doing the needful.
16. 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.
17. 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 (Venture Capital and Corporate Investments Private Limited).
18. 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 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by 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](http://www.evotingindia.com) during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Once you click shareholders tab, you will be directed to login page.
- (iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.

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(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 Folio Number 1 then enter RA00000001 in the PAN Field.

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

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



receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**(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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).**

19. The e-voting period commences on Monday, September 23, 2019 (09:00 A.M.) and ends on Wednesday, September 25, 2019 (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 Wednesday, September 18, 2019 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. Wednesday, September 18, 2019.

20. 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.

21. The Scrutinizer, after scrutinising the votes cast at the meeting through poll and through e-voting will, not later than Forty Eight Hours of conclusion of the Meeting, would 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](http://www.gayatrisugars.com) and on the website of [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchange.

22. 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 11:00 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.

By order of the Board

For **Gayatri Sugars Limited**

Sd/-

**(Chetan Kumar Sharma)**

Company Secretary & Compliance Officer

Place: Hyderabad

Date: 13.08.2019

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

#### **Item No. 3:**

Mr. T. R. Rajagopalan was appointed as a Non-Executive Director of the Company on June 01, 2001. The Ministry of Corporate Affairs notified Section 149 of the Act and related Rules. Pursuant to the said provisions, Mr. T. R. Rajagopalan was appointed as an Independent Director of the Company by the Shareholders of the Company at the 19th Annual General Meeting held on September 30, 2014, for a period of five years with effect from September 30, 2014 up to September 29, 2019.

Mr. T. R. Rajagopalan has been an active member of the Board and the Board Committees of which he is a member. He brings independent judgment on the Board of the Company and his continued association will be valuable and positive. With his expertise, skills and knowledge, particularly in the field of finance and accounts, he articulates and provides his valuable guidance and inputs in all matters pertaining to the financial statements. Mr. T. R. Rajagopalan is physically fit and current with finance and business matters.

The Board on August 13, 2019, based on the recommendations of the Nomination and Remuneration Committee and pursuant to the performance evaluation of Mr. T. R. Rajagopalan as a Member of the Board and considering that the continued association of Mr. T. R. Rajagopalan would be beneficial to the Company, proposed to re-appoint Mr. T. R. Rajagopalan as an Independent Director of the Company, not liable to retire by rotation, for a second term effective September 30, 2019 up to September 29, 2024. Further, the Company has, in terms of Section 160(1) of the Act, received a notice in writing from a Member proposing the candidature of Mr. T. R. Rajagopalan for the office of Director.

The Company has received from Mr. T. R. Rajagopalan (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act, (iii) Declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act read with Regulation 16 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') and (iv) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

In terms of Section 149, 152 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, and in terms of the applicable provisions of the Listing Regulations, each as amended, the re-appointment of Mr. T. R. Rajagopalan as an Independent Director of the Company for a second term commencing September 30, 2019 through September 29, 2024 is being placed before the Shareholders for their approval by way

of a special resolution. Mr. T. R. Rajagopalan, once appointed, will not be liable to retire by rotation.

Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for appointment/ reappointment/continuation of a Non-Executive Director beyond the age of seventy five years. Mr. T. R. Rajagopalan is 80 years of age as on the date. This Special Resolution, once passed, shall also be deemed as your approval under the aforesaid Regulations, for reappointment of Mr. T. R. Rajagopalan as an Independent Director beyond the age of seventy five years.

In the opinion of the Board, Mr. T. R. Rajagopalan is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder read with the provisions of the Listing Regulations, each as amended, and is independent of the Management of the Company. A copy of the draft letter of appointment of Mr. T. R. Rajagopalan as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members at the Registered Office of the Company during the normal business hours on working days up to the date of the Annual General Meeting ('AGM') and will also be kept open at the venue of the AGM till the conclusion of the Meeting.

The profile and specific areas of expertise of Mr. T. R. Rajagopalan are provided as annexure to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. T. R. Rajagopalan, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 3 of the Notice.

The Board recommends the Resolution set forth in Item No. 3 for the approval of the Members.

**Item No. 4:**

Mr. J. N. Karamchetti was appointed as an Independent Director of the Company by the Shareholders of the Company at the 19th Annual General Meeting held on September 30, 2014, for a period of five years with effect from September 30, 2014 up to September 29, 2019.

Mr. J. N. Karamchetti has been an active member of the Board and the Board Committees of which he is a member. He brings independent judgement on the Board of the Company and his continued association will be valuable and enriching. With his expertise, skills and knowledge, particularly in the field of Engineering and Energy, the Company has benefited immensely. Mr. J. N. Karamchetti is physically fit, mentally alert and is vocal at the Board and Committee meetings. He provides his independent view in board and committee deliberations.

The Board on August 13, 2019, based on the recommendations of the Nomination and Remuneration Committee and pursuant to the performance evaluation of Mr. J. N. Karamchetti as a Member of the Board and considering that the continued association of Mr. J. N. Karamchetti would be beneficial to the Company, proposed to re-appoint Mr. J. N. Karamchetti as an Independent Director of the Company, not liable to retire by rotation, for a second term effective September 30, 2019 up to September 29, 2024. Further, the Company has, in terms of Section 160(1) of the Act, received a notice in writing from a Member proposing the candidature of Mr. J.N. Karamchetti for the office of Director.

The Company has received from Mr. J. N. Karamchetti (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act, (iii) Declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act read with Regulation 16 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') and (iv) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

In terms of Section 149, 152 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, and in terms of the applicable provisions of the Listing Regulations, each as amended, the re-appointment of Mr. J. N. Karamchetti as an Independent Director of the Company for a second term commencing September 30, 2019 through September 29, 2024 is being placed before the Shareholders for their approval by way of a special resolution. Mr. J. N. Karamchetti, once appointed, will not be liable to retire by rotation.

Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for continuation of a Non-Executive Director beyond the age of seventy five years. During the proposed term of re-appointment, J. N. Karamchetti will attain the age of seventy five years on June 01, 2021. This Special Resolution, once passed, shall also be deemed as your approval under the aforesaid Regulations, for continuation of Mr. J. N. Karamchetti as an Independent Director beyond the age of seventy five years.

In the opinion of the Board, Mr. J. N. Karamchetti is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder read with the provisions of the Listing Regulations, each as amended, and is independent of the Management of the Company. A copy of the draft letter of appointment of Mr. J. N. Karamchetti as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members at the Registered Office of the Company during the normal business hours on working days up to the date of the Annual General Meeting ('AGM') and will also be kept open at the venue of the AGM till the conclusion of the Meeting.

The profile and specific areas of expertise of Mr. J. N. Karamchetti are provided as annexure to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. J. N. Karamchetti, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the Resolution set forth in Item No. 4 for the approval of the Members.

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

The Company is required under Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, to have the audit of its cost records for products covered under the Companies (Cost Records and Audit) Rules, 2014 conducted by a

Cost Accountant in practice. The Board of Directors of the Company has on the recommendation of the Audit Committee approved the appointment and remuneration of /s. Narasimha Murthy & Co., Cost Accountants, Cost Accountants (Firm Registration Number: 000042 ) as the Cost Auditor of the Company for the Financial Year 2019-20.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor of the Company for the Financial Year ending March 31, 2020.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the Resolution set forth in Item No. 5 for the approval of the Members.

By order of the Board

For **Gayatri Sugars Limited**

Sd/-

**(Chetan Kumar Sharma)**

Company Secretary & Compliance Officer

Place: Hyderabad

Date: 13.08.2019

**ANNEXURE TO THE NOTICE**

**Details of the Directors retiring by rotation/seeking re-appointment in the forthcoming Annual General Meeting**

[Pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

<b>Name of the Director</b>	<b>Mr. T. V. Sandeep Kumar Reddy</b>	<b>Mr. T.R Rajagopalan</b>	<b>Mr. J. N. Karamchetti</b>
Director Identification No	00005573	00020643	00940963
Date of first appointment on the Board	15.06.1995	01.06.2001	30.09.2014
Relationship between directors inter-se	Son of Mrs. T. Indira Reddy and Spouse of Mrs. T. Sarita Reddy.	-	-
Nature of expertise in specific functional area	Mr. T.V. Sandeep Kumar Reddy, aged 52 years, is a Promoter and also, the Non-Executive Director and Vice Chairman of our Company. He has been associated with our Company since its incorporation in the year 1995. T.V. Sandeep Kumar Reddy has over 30 years of experience in the Construction Industry. He holds a Masters Degree in Construction Engineering and Management from University of Michigan at Ann Arbor, USA and also holds a Bachelor Degree in Civil Engineering from Purdue University.	Mr. T R Rajagopalan, aged 80 years, is a MA, MSc, CAIIB. He is a Retired GM of SBI and has experience of 43 years in credit and International Banking. He held various assignments both at operational as well as policy framing levels. These assignments include Branch Manager, Regional Manager, Deputy General Manager (Commercial Banking) and General Manager (Commercial banking). He also handled the assignment with Bank of Ghana under World Bank to train all banking officials of that country, in the areas of Credit Management.	Mr. J N Karamchetti aged 73 years, did his Bachelor of Engineering in the year 1970 from College of Engineering, Kakinada, Andhra Pradesh. Later on he did his Masters in IIT Kharagpur in the year 1973. He is also a member of Indian Institute of Plant Engineers (India). He has a very rich experience in all fields of Engineering and in Steel, Energy, Rubber and Strach sectors. He is also very familiar for giving guest lectures and presenting technical papers in various seminars and workshops especially in the field of Energy.
Directorship in Listed Companies	1. Gayatri Projects Limited (Managing Director) 2. Gayatri Bioorganics Limited (Non-Executive, Non-Independent Director)		1. Gayatri Bioorganics Limited (Non-Executive Independent Director) 2. Gayatri Projects Limited (Non Executive, Independent Director) 3. Gayatri Tissue and Papers Limited (Non-Executive, Independent Director)
Membership of Committees of other Listed Companies	Membership of Board Committees: 1. Chairman a. Gayatri Bioorganics Limited - Stakeholders Relationship Committee b. Gayatri Projects Limited - Risk Management Committee 2. Member a. Gayatri Projects Limited - Corporate Social Responsibility Committee	Nil	Member of Board Committees: 1. Chairman a. Gayatri Tissue and Papers Limited - Audit Committee and Stakeholders Relationship Committee b. Gayatri Projects Limited- Nomination and Remuneration Committee 2. Member a. Gayatri Projects Limited - Audit Committee b. Gayatri Bio-organics Limited - Nomination and Remuneration Committee
Shareholding in the Company as on date	67,63,031, Equity Shares Rs. 10/- each	Nil	Nil

## BOARDS' REPORT

**To the Member(s),**

Your Directors take pleasure in presenting before you the Twenty Fourth Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2019.

### 1. FINANCIAL RESULTS :

Your Directors report the operational results of the Company for the year ended March 31, 2019, prepared in accordance with Ind AS, the details of which are as under:

(Rupees in Lakhs)

Particulars	2018-2019	2017-2018
Gross Income	<b>31,167.93</b>	25,138.10
Profit/(Loss) Before Interest, Depreciation and Exceptional Item	<b>1,420.38</b>	4,310.82
Finance Charges	<b>2,351.14</b>	2,007.81
Gross Profit/(Loss) before Depreciation and Exceptional Item	<b>(930.76)</b>	2,303.01
Provision for Depreciation	<b>1,015.90</b>	1,007.51
Net Profit(Loss) Before Tax and Exceptional Item	<b>(1946.66)</b>	1,295.50
Exceptional Item(Re-measurement of Actuarial Valuation)	<b>162.93</b>	(79.39)
Provision for Tax	-	-
Net Profit/(Loss) After Tax	<b>(1,783.73)</b>	1,216.11
Balance of Profit/(Loss) brought forward	<b>(11,588.47)</b>	(12,804.58)
Balance available for appropriation	<b>(13,372.20)</b>	(11,588.47)
Proposed Dividend on Equity Shares	-	-
Tax on proposed Dividend	-	-
Transfer to General Reserve	-	-
Deficit carried to Balance Sheet	<b>(13,372.20)</b>	(11,588.47)

### REVIEW OF OPERATIONS:

Your Directors are pleased to report that during the year under review, the Company crushed 7.90 Lakh Tonnes of Sugar cane and 08.99 Lakh Quintals of Sugar was bagged with an average recovery of 11.38% and 36,158 tonnes of Molasses was produced. The distillery unit produced 85.02 Lakh litres of Ethanol, Rectified Spirit and Impure Spirit.

The Company registered gross revenue of Rs. 31,167.93 Lakhs for the year ended 31st March, 2019 against Rs. 25,138.10 Lakhs for the year ended 31st March, 2018. For the year 2018-19, the Company earned profit of Rs. 1,420.38 Lakhs before Interest, Depreciation and Exceptional item compared to the profit of Rs. 4,310.82 Lakhs for the previous year 2017-18. However, there was net loss of Rs. 1,783.73 Lakhs compared to the net profit of Rs. 1216.11 Lakhs of previous year. The Company registered an increase of 23.98% in turnover as compared to previous years. The loss in current year is attributed to the fact that

the average realisation of selling price of Sugar was lower than the actual cost of production which has been higher due to increase in FRP of sugarcane.

**1. PROSPECTS FOR THE FINANCIAL YEAR 2019-20:**

Though it is too early to estimate the sugar production for sugar season 2019-20, but sowing reports from field indicates decline in sugarcane plantation due to inadequate underground water availability due to drought conditions prevailed in the zone area allotted to both factories of your company. The sugar cane harvesting for the season 2019-20 is expected to be lower as compared to the previous year 2018-19, resulting in lower production of Sugar.

**2. 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.

**3. DIVIDEND:**

As the Company has accumulated losses as at March 31, 2019, the Directors could not recommend dividend on Preference Shares and also on Equity Shares.

**4. BOARD MEETINGS:**

During the Financial year 2018-19, the Board met 4 (Four) times on 18.05.2018, 13.08.2018, 13.11.2018 and 07.02.2019.

**5. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year under review, there was no change in the directorship of the Company.

Further, there is no change in the Composition of the Key Managerial Personnel.

**Independent Directors declaration:**

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, read with Regulations 16 and 25(8) of the Listing Regulations that he/she meets the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b) and 25(8) of the Listing Regulations.

**Re-appointments:**

As per provisions of the Companies Act, 2013, Mr. T. V Sandeep Kumar Reddy, retires by rotation at the ensuing AGM and being eligible, seeks re-appointment.

Mr. T. R. Rajagopalan, independent Director of the Company, completes his tenure of 5 (five) years as an Independent Director on September 29, 2019. Based on the recommendations of the Nomination and Remuneration Committee and pursuant to the performance evaluation of Mr. T. R. Rajagopalan as a Member of the Board, the Board proposed to re-appoint Mr. T. R. Rajagopalan as an Independent Director of the Company, not liable to retire by rotation, to hold the office for the second term effective from September 30, 2019 till September 29, 2024.

Similarly, Mr. J. N. Karamchetti, independent Director of the Company, completes his tenure of 5 (five) years as Independent Director on September 29, 2019. Based on the recommendations of the Nomination and Remuneration Committee and pursuant to the



performance evaluation of Mr. J. N. Karamchetti as a Member of the Board, the Board proposed to re-appoint Mr. J. N. Karamchetti as an Independent Director of the Company, not liable to retire by rotation, to hold office for the second term effective from September 30, 2019 till September 29, 2024.

The resolutions for re-appointments of Mr. T. V Sandeep Kumar Reddy, Mr. T. R. Rajagopalan and Mr. J. N. Karamchetti form part of the notice convening the ensuing AGM scheduled to be held on Thursday, September 26, 2019.

The profile and particulars of experience, attributes and skills of the above Directors is disclosed in the Notice convening the AGM to be held on Thursday, September 26, 2019.

#### **6. 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, Stakeholders Relationship Committee, Risk management Committee and Corporate Social Responsibility Committee. The details of Composition and terms of reference of these committees are mentioned in the Corporate Governance Report.

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

The Board, on the recommendations of the Nomination and Remuneration Committee, determines the characteristics, skills and other attributes required for appointment and removal of Directors. For this, the Company has Nomination and Remuneration policy, which is performance driven and is structured to motivate Directors and Employees, recognize their merits and achievements and promote excellence in their performance.

The salient features of the policy are:

- (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.
- (d) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Policy is available on the website of the Company [www.gayatrisugars.com](http://www.gayatrisugars.com).

#### **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 of 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 07.02.2019.

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 also recommends to the Board of Directors for reappointment of Mr. T. R. Rajagopalan and Mr. J. N. Karamchetti as Independent Directors, for a period of five years w.e.f. September 30, 2019.

- (b) **Separate Meeting of Independent Directors:** The Independent directors of the Company at its meeting held on 07.02.2019 (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.

#### **8. 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.

**9. 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.

**10. 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 part of this Annual Report is enclosed as **Annexure I**. The extract of Annual Return in Form MGT-9 as per provisions of Companies Act, 2013 & Rules thereto is available on Company's Website at [www.gayatrisugars.com](http://www.gayatrisugars.com).

**11. STATUTORY AUDITORS AND THEIR REPORT:**

M/s. MOS & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company at the 22nd Annual General Meeting held on June 29, 2017 for a term of five consecutive years from the conclusion of 22nd Annual General Meeting [AGM] till the conclusion of 27th AGM. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors Report to the members of the Company on the financial statements for the financial Year ended March 31, 2019 forming part of this report contains a qualified opinion on estimating the Electricity duty amounting to Rs. 283.99 Lakhs as a Contingent Liability and on Internal Financial controls over the Financial Reporting as per note No. 28.16 forming part of the financial statements. In the event of an un-favourable verdict/outcome 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 Rs. 170 lakhs.

**12. 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 March 31, 2019 in Form No MR-3 is annexed to the Directors Report as **Annexure**

- II and forms part of this Report. The Secretarial Auditors' Report to the Members of the Company for the Financial Year ended March 31, 2019 does not contain any qualification(s) or adverse observations.

**13. 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:**

The Company has already installed the required energy conservation equipments and hence no additions were made during the year.

**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 no investment was made towards energy conservation equipments.

**B. Technology Absorption:**

**i) Efforts made towards Technology Absorption:**

Centrifugal machine was changed to reduce power Consumption in earlier financial year. In the current year no such requirement was there.

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

The benefit derived is same as the earlier year.

**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

**14. 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, 2019 in the Company relating to deficiency in internal financial controls over financial reporting in respect of management assessment of estimating potential liability relating to disputed matter as per Note No. 28.16 forming part of financial statements.

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 is of the view that based on Supreme Court's interim orders and considering the inherent uncertainty in predicting the final outcome of the above litigations estimates the impact of potential liability to be Rs. 170 Lakhs.

**15. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:**

Particulars of loans, guarantees given and investments made during the year under review in accordance with section 186 of the Companies Act, 2013 is annexed to this report. **(Annexure - III).**

**16. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

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

**17. RISK MANAGEMENT:**

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. Details on risk management is given in Corporate Governance Report.

**18. 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>.

**19. 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 there under, the Company has not received any complaint of sexual harassment during the year under review.

Further the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013.

**20. CORPORATE SOCIAL RESPONSIBILITY:**

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, read with schedule VII, The Board of Directors constituted Corporate Social Responsibility Committee at Board Meeting held on August 14, 2017. The details of the Committee are given in Corporate Governance Report (Annexure V). Since the Company is having average net profits in the immediately preceding three years, hence the Company has adopted Corporate Social Responsibility Policy. The CSR policy is available on the website of the Company [www.gayatrisugars.com](http://www.gayatrisugars.com).

During the year under review the Company has spent Rs. 14.10 lakhs on CSR Activities. Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 and the Rules framed there under, is annexed to this report (**Annexure VI**).

**21. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:**

Demand of Rs. 1,38,81,669/- 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 of Rs. 58.53 lakhs and for the period Mar-2006 to Mar-2012 in the case of Nizamsagar Unit of Rs. 80.29 Lakhs both put together Rs 138.82 lakhs.

The Customs, Excise and Service Tax Appellate Tribunal, Regional Bench at Hyderabad has set aside the impugned order for Excise Duty demand of Rs. 58.53 lakhs relating to Kamareddy Unit of the Company, subsequent to Audit Report.

The Customs, Excise and Service Tax Appellate Tribunal, Regional Bench at Hyderabad yet to hear relating to Nizamsagar Unit Demand of Rs 80.29 lakhs.

**22. 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 arm's length basis are detailed in the notes forming part of the financial statements.

**23. DEPOSIT:**

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

**24. 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 is required 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 2019-20 and the remuneration payable to them for the Financial Year 2019-20 is subject to ratification by the shareholders of the Company. We seek your support in ratification of remuneration proposed to be paid to the Cost Auditors for the FY ending March 31, 2020.

Further as per section 148(1) of the Companies Act, 2013 read with Companies (Accounts) Amendment Rules, 2018, maintenance of cost records as specified by the Central Government under sub section (1) of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

**25. 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 – VII** and forms part of this Report.

**26. LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2019-2020 to BSE Limited where the Company's Shares are listed.

**27. 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 -V**. Certificate from the practicing Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under aforesaid regulations is attached to Corporate Governance Report.

**28. SECRETARIAL STANDARDS:**

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

**29. AWARDS AND ACCOLADES:**

- **The company received the following awards for the Crushing season 2018-19 by The South Indian Sugarcane & Sugar Technologists' Association (SISSTA):**

**"PLATINUM AWARD for "BEST TECHNICAL EFFICIENCY 2018-19"**

**"PLATINUM AWARD for BEST SUGAR CANE DEVELOPMENT 2018-19"**

**"GOLDEN AWARD for BEST Co-GENERATION 2018-19"**

The company bagged the following Awards from South India Sugar cane and Sugar Technologists Association (SISSTA) for the past years from 2012-13 onwards

## Twenty Fourth Annual Report

Year	Category	Award
2017-18	Best Cogeneration	Platinum Award
2017-18	Best Technical Efficiency	Golden Award
2015-16	Best Cogeneration	Platinum Award
2014-15	Best Cogeneration	Platinum Award
2014-15	Best Technical Efficiency	Silver Award
2014-15	Best Sugarcane Development	Silver Award
2012-13	Best Cogeneration	Platinum Award
2012-13	Best Sugarcane Development	Golden Award
2012-13	Best Technical Efficiency	Silver Award

### 30. ACKNOWLEDGEMENTS:

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders, clients, 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 of Directors

sd/-

**(T. SARITA REDDY)**

Managing Director

DIN: 00017122

sd/-

**(T.V. SANDEEP KUMAR REDDY)**

Vice Chairman

DIN: 00005573

Place: Hyderabad

Date: 13.08.2019

### 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, 2019.

**For Gayatri Sugars Limited**

Sd/-

**T. SARITA REDDY**

Managing Director

DIN: 00017122

Place: Hyderabad

Date: 13.08.2019



## ANNEXURE - I

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2019

[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 <sup>nd</sup> Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad, Telengana-500082. Ph: 040-23414823/26
(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, <b>Phone</b> : +91 040 23818475/23818476/23868023 <b>Fax</b> : +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 are stated:-

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of theCompany
1	Sugar	10721	79.23
2	Ethanol	1101	15.07

#### 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(01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	13812353	0.00	13812353	31.60	13812353	0.00	13812353	31.60	0.00
(b) Central Govt	—	—	—	—	—	—	—	—	—
(c) State Govt (s)	—	—	—	—	—	—	—	—	—
(d) Bodies Corp.	11228535	0.00	11228535	25.69	11228535	0.00	11228535	25.69	0.00
(e) Banks / FI	—	—	—	—	—	—	—	—	—
(f) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-Total (A) (1)</b>	25040888	0.00	25040888	57.30	25040888	—	25040888	57.30	—
<b>(2) Foreign</b>									
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
(b) Other - Individuals	—	—	—	—	—	—	—	—	—
(c) Bodies Corp.	—	—	—	—	—	—	—	—	—
(d) Banks / FI	—	—	—	—	—	—	—	—	—
(e) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-Total (A) (2)</b>	—	—	—	—	—	—	—	—	—
<b>Total Shareholding of Promoter(A) = (A) (1) + (A) (2)</b>	25040888	0.00	25040888	57.30	25040888	—	25040888	57.30	—
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(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)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(1)</b>	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year(01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
(a) Bodies Corporates									
i. Indian	8832644	—	8832644	20.21	5526510	—	5526510	12.65	(7.56)
ii. Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	5394042	27990	5422032	12.41	8704489	14032	8718521	19.95	7.54
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3493830	0.00	3493830	7.99	3899678	11290	3910968	8.95	0.95
(C) Others (Specify)									
Non Resident Individuals	73506	—	73506	0.17	64900	—	64900	0.15	(0.02)
Clearing Member	840743	—	840743	1.92	441856	—	441856	1.01	(0.91)
<b>Sub-Total (B)(2)</b>	18634765	27990	18662755	42.70	18637433	25322	18662755	42.7	0.00
<b>Total Shareholding Public = (B) (1)+(B) (2)</b>	18634765	27990	18662755	42.70	18637433	25322	18662755	42.7	0.00
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total(A+B+C)</b>	43675653	27990	43703643	100	43678321	25322	43703643	100	0.00

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**(ii) Shareholding of Promoters:**

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% 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	2.66	1163607	2.66	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	Thikkavarapu Indira Reddy	3793508	8.68	8.35	3793508	8.68	8.35	—
	<b>Total</b>	25040888	57.30	20.73	25040888	57.30	20.73	—

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

S. No	Particulars	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		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 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 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 (01.04.2018)		Cumulative Shareholding during the year (at the end of the year 31-03-2019)	
			No. of shares	of total % shares of the company	No. of shares	% of total shares of the company
1.	<b>Mohan Project Contractors Private Limited</b>					
	At the beginning of the year		7522789	17.21	7522789	17.21
	Date wise increase/Decrease in Share holding during the Year, specifying the reason:		—	—	—	—
	Date	Transaction (sales/purchase)	—	—	—	—
	20/04/2018	sale	2817694	-6.45	4705095	10.77
	27/04/2018	Sale	6838	-0.02	4698257	10.75
	At the End of the year (or on the date of separation, if separated during the year)		—	—	4698257	10.75
2.	<b>Sudeep Luniya#</b>					
	At the beginning of the year		663828	1.52	663828	1.52
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/purchase)				
	20/04/2018	Sale	663828	-1.52	—	—
	30/03/2019	Purchase	433347	0.1	433347	0.1
	At the End of the year (or on the date of separation, if separated during the year)		—	—	433347	0.1
3	<b>TRADESWIFT BROKING PRIVATE LIMITED*</b>					
	At the beginning of the year		571259	1.31	571259	1.31
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/purchase)				
	20/04/2018	Sale	569664	-1.3	1595	0
	27/04/2018	Purchase	500	0	2095	0
	18/05/2018	Purchase	314290	0.72	316385	0.72
	07/09/2018	Sale	1000	0	315385	0.72
	At the End of the year (or on the date of separation, if separated during the year)		—	—	315385	0.72
4	<b>SHREE VISHWAMURTE TRADINVEST PVT LTD#</b>					
	At the beginning of the year		465894	1.07	465894	1.07
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/purchase)				
	06/04/2018	Purchase	100000	0.23	565894	1.29

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	13/04/2018	Purchase	210739	0.48	776633	1.78
	20/04/2018	Sale	776633	-1.78	0	0
	27/04/2018	Purchase	10000	0.02	10000	0.02
	11/05/2018	Sale	10000	-0.02	0	0
	At the End of the year (or on the date of separation, if separated during the year)		—	—	—	—
<b>5</b>	<b>Vishal Kiranbhai Seth*</b>					
	At the beginning of the year		269226	0.62	269226	0.62
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)				
	06/04/2018	Sale	266665	0.61	2561	0.01
	13/04/2018	Purchase	277114	0.63	279675	0.64
	20/04/2018	Sale	279675	-0.64	—	—
	At the End of the year (or on the date of separation, if separated during the year)		—	—	—	—
<b>6</b>	<b>EAST WEST TRADELINK PRIVATE LIMITED#</b>					
	At the beginning of the year		177603	0.41	177603	0.41
	Date	Transactions (sales/ purchase)				
	06/04/2018	Sale	176965	0.4	638	—
	13/04/2018	Sale	638	—	—	—
	At the End of the year (or on the date of separation, if separated during the year)		—	—	—	—
<b>7</b>	<b>FAMOUS DEVELOPERS PRIVATE LIMITED#</b>					
	At the beginning of the year		174000	0.40	174000	0.40
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/ purchase)				
	13/04/2018	Sale	100000	0.23	74000	0.17
	20/04/2018	Sale	74000	0.17	0	0
	At the End of the year (or on the date of separation, if separated during the year)		—	—	—	—
<b>8</b>	<b>R K STOCKHOLDING PRIVATE LIMITED#</b>					
	At the beginning of the year		138035	0.32	138035	0.32
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	20/04/2018	Sale	17036	-0.04	120999	0.28
	27/04/2018	Sale	70000	-0.16	50999	0.12
	31/08/2018	Sale	198	0	50801	0.12
	19/10/2018	Sale	18605	-0.04	32196	0.07

	26/10/2018	Sale	7990	-0.02	24206	0.06
	02/11/2018	Sale	10455	-0.02	13751	0.03
	09/11/2018	Sale	3175	-0.01	10576	0.02
	23/11/2018	Sale	1	—	10575	0.02
	At the End of the year (or on the date of separation, if separated during the year)		—	—	10575	0.02
<b>9</b>	<b>ARYAVRAT FINANCIAL SERVICES LIMITED*</b>					
	At the beginning of the year		135000	0.31	135000	0.31
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	—	—	—	—	135000	0.31
	At the End of the year (or on the date of separation, if separated during the year)		—	—	135000	0.31
<b>10</b>	<b>JITENDRAKUMAR PRAVINKUMAR SHAH#</b>					
	At the beginning of the year		115150	0.26	115150	0.26
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	06/04/2018	Sale	115150	0.26	—	—
	At the End of the year (or on the date of separation, if separated during the year)				—	—
<b>11</b>	<b>RAMUKA CAPITAL MARKETS LIMITED*</b>					
	At the beginning of the year		—	—	—	—
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	27/04/2018	Purchase	20000	0.05	20000	0.05
	04/05/2018	Sale	20000	-0.05	—	—
	18/05/2018	Purchase	47429	0.11	47429	0.11
	25/05/2018	Purchase	38190	0.09	85619	0.20
	22/06/2018	Purchase	167810	0.38	253429	0.58
	10/08/2018	Sale	10000	0.02	243429	0.56
	17/08/2018	Sale	2000	0.00	241429	0.55
	At the End of the year (or on the date of separation, if separated during the year)				241429	0.55
<b>12</b>	<b>GAURAV JITENDRAKUMAR SHAH*</b>					
	At the beginning of the year		—	—	—	—
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					

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Date	Transactions(sales/ purchase)				
25/05/2018	Purchase	200000	0.46	200000	0.46
At the End of the year (or on the date of separation, if separated during the year)				200000	0.46
<b>13 RUPAL LAXMIKANT RANA*</b>					
At the beginning of the year		—	—	—	—
Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
Date	Transactions(sales/ purchase)				
04/05/2018	Purchase	25000	0.06	25000	0.06
01/06/2018	Purchase	102000	0.23	127000	0.29
08/06/2018	Purchase	23000	0.05	150000	0.34
15/06/2018	Purchase	25000	0.06	175000	0.40
05/10/2018	Purchase	16300	0.04	191300	0.44
22/03/2019	Purchase	33700	0.08	225000	0.51
At the End of the year (or on the date of separation, if separated during the year)				225000	0.51
<b>14 SRINIVASA RAO D S*</b>					
At the beginning of the year		—	—	—	—
Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
Date	Transactions(sales/ purchase)				
27/04/2018	Purchase	167500	0.38	167500	0.38
11/05/2018	Sale	4980	-0.01	162520	0.37
25/05/2018	Purchase	500	0.00	163020	0.37
01/06/2018	Purchase	4437	0.01	167457	0.38
08/06/2018	Purchase	2322	0.01	169779	0.39
22/06/2018	Purchase	41	0.00	169820	0.39
31/08/2018	Sale	820	0.00	169000	0.39
07/09/2018	Sale	12489	-0.03	156511	0.36
21/09/2018	Sale	10511	-0.02	146000	0.33
29/09/2018	Sale	20000	-0.05	126000	0.29
05/10/2018	Sale	2175	0.00	123825	0.28
26/10/2018	Sale	3825	-0.01	120000	0.27
09/11/2018	Sale	4466	-0.01	115534	0.26
At the End of the year (or on the date of separation, if separated during the year)		—	—	115534	0.26
<b>15 PRAKASH KANTILAL SHAH*</b>					
At the beginning of the year		—	—	—	—
Date wise increase / Decrease in Share holding during the Year, specifying the reason:					



Date	Transactions(sales/ purchase)				
08/06/2018	Purchase	225000	0.51	225000	0.51
At the End of the year (or on the date of separation, if separated during the year)				225000	0.51
<b>16 NIKHIL JAIN*</b>					
At the beginning of the year		105000	0.24	105000	0.24
Date wise increase / Decrease in Share holding during the Year, specifying the reason					
Date	Transactions(sales/ purchase)				
20/04/2018	Sale	75000	-0.17	30000	0.24
27/04/2018	Sale	15000	-0.03	15000	0.07
18/05/2018	Purchase	201000	0.46	216000	0.49
At the End of the year (or on the date of separation, if separated during the year)				216000	0.49
<b>17 CHARU KUMAR*</b>					
At the beginning of the year		—	—	—	—
Date wise increase / Decrease in Share holding during the Year, specifying the reason					
Date	Transactions(sales/ purchase)	Reason			
27/04/2018	Purchase	101544	0.23	101544	0.23
At the End of the year (or on the date of separation, if separated during the year)				101544	0.23

\* Not in the list of top 10 shareholders as on 01-04-2018. The same has been included above since the shareholder was one of the top 10 shareholders as on 31-03-2019.

# ceased to be in the list of top 10 shareholders as on 31-03-2019. The same is included above since the shareholder was one of the top 10 shareholders as on 01-04-2018.

**(v) Shareholding of Directors and Key Managerial Personnel:**

S.No	For Each of the Directors and KMP		Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of thecompany	No. of shares	% of total shares of thecompany
	At the beginning of the year	1.TV. Sandeep Kumar Reddy 2.T. Indira Reddy 3. V.R. Prasad	6763031 3793508 6804	15.47 8.68 0.01	6763031 3793508 6804	15.47 8.68 0.01
	Date wise Increase/ Decrease in Promoters Share holding during	There is no Increase/Decrease in the Directors and Key Managerial Personnel shareholding during the year.				

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	the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):					
At the End of the year	1. TV. Sandeep Kumar Reddy 2. T. Indira 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12,152.62	2,259.85	-	14,412.47
ii) Interest due but not paid	1,403.38	-	-	1,403.38
iii) Interest accrued but not due	31.04	-	-	31.04
<b>Total (i+ii+iii)</b>	<b>13,587.04</b>	<b>2,259.85</b>	<b>-</b>	<b>15,846.89</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	179.01	284.28	-	463.29
Reduction	830.54	565.00	-	1,395.54
<b>Net Change</b>	<b>(651.53)</b>	<b>(280.72)</b>	<b>-</b>	<b>(932.25)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,322.08	1761.85	-	13,083.93
ii) Interest due but not paid	1,556.00	217.28	-	1,773.28
iii) Interest accrued but not due	57.43	-	-	57.43
<b>Total (i+ii+iii)</b>	<b>12,935.51</b>	<b>1979.13</b>	<b>-</b>	<b>14,914.64</b>

**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	Managing Director	Total Amount
		Mrs. T. SARITA REDDY	
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.00	48.00
(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		
	<b>Total (A)</b>	<b>48.00</b>	<b>48.00</b>
	<b>Ceiling as per the Act</b>	—	<b>48 Lakhs</b>

**B. Remuneration to other Directors:**

(Amount ₹)

S.No	Particulars of Remuneration	Name of Directors			Total Amount
		TR Rajagopalan	J N Karamchetti	Raghuraj Suresh Bhalerao	
	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	24,000	18,000	15,000	57,000
<b>Total (1)</b>		24,000	18,000	15,000	57,000
		<b>T Indira Reddy</b>		<b>T V Sandeep Kumar Reddy</b>	
	2. Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	20,000		20,000	40,000
<b>Total (2)</b>		20,000		20,000	40,000
	<b>Total (B) = (1)+(2)</b>				<b>97,000</b>
	<b>Total Managerial Remuneration</b>				<b>97,000</b>
	<b>Overall Ceiling as per the Act</b>				

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

(Amount ₹ in Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		CS Chetan Kumar Sharma	CFO Ramalinga Prasad Veravalli	Total
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.35	20.33	24.68
(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	—	—	—
	<b>Total (A)</b>	<b>4.35</b>	<b>20.33</b>	<b>24.68</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

During the year, there were no penalties/punishments/compounding offences under the Companies Act, 2013.

For and on behalf of the Board

Place: Hyderabad  
Date: 13.08.2019

Sd/-  
**(T. SARITA REDDY)**  
Managing Director  
DIN: 00017122

Sd/-  
**(T.V. SANDEEP KUMAR REDDY)**  
Vice Chairman  
DIN: 00005573

**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 –II**

**FORM NO.MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED March 31, 2019**

[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

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** CIN: L15421TG1995PLC020720 (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, 2019 ('Audit Period') generally 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 **the Company** for the financial ended on 31st March, 2019 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;
- 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. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 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 (**Not Applicable during the audit period**);

- 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 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**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**)
- f.) 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, Non-Executive Directors and Independent Directors. There were no 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: 13.08.2019

**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

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**'ANNEXURE A'**

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

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: 13.08.2019

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

### ANNEXURE –III

Particulars of Loans, Guarantees or Investments  
[Pursuant to Section 186 of the Companies Act, 2013]

Amount outstanding as on March 31, 2019

(Rs. in Lakhs)

Particulars	Amount
Loans Given	0
Guarantee Given	4200.00
Investments made	0

Loans, Guarantees given or Investments made during the Financial Year 2018-19

Sl. No.	Name of Entity	Relation	Amount	Particulars of Loan, Guarantees made or Investments made	Purpose
1.	Union Bank of India	unrelated	3000 lakhs	Corporate Guarantee	For sugar Cane Crop loan to farmers
2.	Union Bank of India	unrelated	1200 lakhs	Corporate Guarantee	For harvesting and Transport Loan to harvestors and Transporters

For and on behalf of the Board of Directors

sd/-

**(T. SARITA REDDY)**

Managing Director

DIN: 00017122

sd/-

**(T.V. SANDEEP KUMAR REDDY)**

Vice Chairman

DIN: 00005573

Place: Hyderabad

Date : 13.08.2019



## ANNEXURE - IV

### MANAGEMENT DISCUSSION AND ANALYSIS INDUSTRY STRUCTURE AND DEVELOPMENTS

#### **Global Economic outlook**

The World economic growth during the second half of 2018 witnesses a decline in economic activity due to failure of Brexit negotiations and higher oil import bills. The growth in Global trade slowed to a below 2017 levels and finished at -3.6% equivalent to a decline of 20bps compared to the previous years. The policies of USA relating to Iranian exports and other multiple factors contributed to the high volatility in crude oil prices. As a result of negative developments in USA-China trade relations, the Global Growth is now projected downwards from 3.6% in 2018 to 3.3% in 2019. Even in China, the growth is projected to a fall down from 6.9% in 2017 to 6.6% in 2018 and further expected to plummet to 6.2% in 2019.

#### **Indian Economy**

As projected by World Bank, India is the fastest growing economy in 2018-19. Inflation in India fell to 17 months low of 2.33% on an annual basis. During the year under review, India's GDP grew at 6.8%. International Monetary Fund estimates Indian Economy to grow at a rate of 7.5% in 2019-20. Government expects to fuel GDP growth by continuously promoting ease of doing business in India by making structural and legislative reforms coupled with efficiency achieved by GST implementation. US China trade war has opened plethora of opportunities for Indian Economy. In 2018, the country attracted approximately US\$ 42 billion in FDI inflows as per the World Investment Report, 2019. Due to continuous efforts of Indian Government, India was placed at 77<sup>th</sup> position in Ease of Doing Business report capturing performance of 190 countries, released by World Bank.

#### **Outlook**

Government needs to provide impetus to Indian Economy for better performance.

#### **Global Sugar scenario during Sugar Season 2018-19**

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. In Australia production was forecast to 5 million, up by 4%. Similarly in China Production was forecast to go up reaching 10.8 million tonnes. However, production in Thailand was forecast to decline whereas Brazil on account of sugarcane juice diversion to ethanol production, production of sugar fell to 30.1 million tonnes.

#### **Global trends and scenario in sugar**

Global Sugar production in sugar season 2018-19 was estimated to be 189 MMT and consumption to be 183 MMT as per Platts Kingsman, International Sugar Analyst. High production, demand reduction and piling of sugar stock made sugar as worst performer in commodity in 2018. Record production made India the largest sugar prouder in world. On the other hand, Brazil diverted sugar juice for ethanol production. Due to low sugar production in 2019-20 in India and Thailand, it is expected that there shall be global deficit of approximately 2MMT in 2019-20.

#### **Global trends in Ethanol**

Bio fuels are being most favoured as alternative sources of least polluting energy. The International Energy Agency (IEA) has predicted that ethanol as fuel will account for two thirds of the worldwide growth in conventional bio fuels between 2018 from 2023. As per IEA, Ethanol production reached 104 billion litres accounting to 3% increase globally last year.

Brazil has shown that blending Ethanol with petrol is a good way to reduce the dependency on imported crude and at the same time manage the sugar surplus. (Source: ISMA)

## **Domestic Scenario**

### **Sugar Production and Consumption**

Investment Information and Credit Rating Agency (ICRA), domestic sugar production for sugar year 2018 would remain at 31 MMT. India is the largest sugar producer of the world as well a consumer. As reported by Indian Sugar Mills Association (ISMA), across India, sugar mills produced 352 Lakh MT of sugar between October 01, 2018 and April 30, 2019. India is the largest sugar consumer in the world. In spite of this, per capita sugar consumption is less than the global average. In 2018-19, the sugar industry is expected to have surplus as high as 48% of the annual consumption of sugar in India.

India's export of 4.64 Lakh MT of sugar during last year was a small portion of the global trade which is estimated at 450 Lakh MT. Factors such as high cane price raises the cost of production, which raises the sugar prices, in turn make Indian Sugar uncompetitive in International Markets. As a result closing stock is expected to remain around 145 Lakh MT.

### **Price for Sugar Cane and Sugar**

The sugarcane price keeps increasing irrespective of the price of Sugar. This is the root of the problem. The government should come up with a formula that arrives at the cane price after factoring the value of the output by considering the price of Sugar, ethanol and power generated from Bagasse. That way supply-demand economy will come into play again. FRP of cane for Sugar Season 2018-19 was fixed at Rs. 275 per quintal of sugarcane linked to a basic recovery of 10.00% and subject to a premium of Rs. 2.75 per quintal of sugarcane every 0.1% point increase above that level compared to the previous season FRP of Rs. 255.50 per quintal for a base recovery of 9.5% .

On February 14, 2019, Government has increased the minimum selling price of sugar from Rs. 29/- per kg to Rs. 31/- per kg. Earlier, due to sugar sales realisation declining to Rs. 26/- per kg, government had by order directed that no sugar mill shall sell sugar below Rs. 29/- per kg in domestic market.

### **Indian Biofuel sector overview**

Sugar mills have been permitted to produce ethanol from B heavy molasses and sugar cane juice along with existing production from C heavy molasses. This is a laudable step since Government of India, in order to reduce crude import, has come out with National Biofuel Policy 2018. The obvious aim is to reduce emissions in cities. The new policy has a target of achieving 20% ethanol blending with petrol by 2030. The Government has set a target of blending 10% ethanol with petrol by 2022.

Tenders for ethanol were floated by Oil Marketing Companies (OMCs) for supply of 329 crore litres of ethanol during the period 01.12.2018 to 30.11.2019. This is inclusive of 66 crore litres of ethanol from B heavy molasses, sugar cane juice and damaged food grains

Diversion of sugar cane juice or B heavy molasses for ethanol production as a part of Government of India Initiative under National Policy 2018 on Biofuels, sugar mills can expect better returns. Indian government had announced ethanol procurement in large quantity as well as at higher prices. This is expected to propel sugar industry towards better sustainability.

### **Steps by Central Government 2018-19**

- To arrest the falling prices, the Central Government notified Sugar Price Control Order 2018 on 7<sup>th</sup> June 2018, MSP of Rs. 29/- per kg was announced. Further, in February 2019, MSP was raised and fixed the sugar prices to Rs. 31/- per kg and provided much needed impetus to the industry.
- Government has also notified scheme for extending soft loan to sugar mills, the quantum of which is to be determined at 85% of reported production of Sugar by mills in 2017-18.
- Later, government came out with a quota system for sugar sale by the industry which restricted sugar mills with respect to sale volume to ensure that sugar prices don't go below the MSP fixed.

- Central Government notified creation of buffer stock of 3.0 million tonnes for one year from July 2018 to counter demand supply mismatch. Further, Central government announced Minimum Indicative Export Quota (MEIQ) for sugar season 2018-19 of Rs. 5.0 million tonnes in September 2018.
- Ethanol has been conventionally produced from C heavy molasses. Government has permitted ethanol production from direct sugar cane juice and B Heavy molasses.
- In a major boost to ethanol production and use, government reduced GST on ethanol to 5% from 18%.
- Central Government notified a scheme for defraying expenditure on internal transport, handling, freight, etc. This scheme is expected to improve the liquidity position of sugar mills.

## **OPPORTUNITIES AND THREATS**

### **Opportunities:**

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

- The above policies of Government of India are expected to make sugar mills viable in terms of self sustainability.
  - New National biofuel Policy 2018 has fixed target of 20% blending of Ethanol with petrol will boost revenues due to better realisation price of Ethanol and procurement.
  - 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.

### **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.
- Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available.
- High Cane arrears coupled with piling inventory is a cause of concern.

## **FUTURE OUTLOOK**

The Sustainability of Sugar Industry depends upon availability of quality cane, which is a major concern. To overcome this, your Company constantly encourages the farmers by supplying quality seed, technical assistance, expert opinion, scientific methods of cultivation, drip irrigation, ratoon management and other resources like facilitating crop loans, harvesting labour, mechanised harvesting and transport facility of harvested cane to mill. Due to drought conditions prevailed in the zone area of both mills of the Company, the crushing of cane is expected to be lower compared to previous season and the production of Ethanol is expected to be 88.00 Lakh litres during the financial year 2019-20.

## **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

### **Sugar:**

During the year under review, the crushing operations for the crushing season 2018-19 were started at Kamareddy Unit on November 12, 2018 and closed the operations on March 27, 2019. The operations at Nizamsagar Unit started on November 12, 2018 and closed on March 24, 2019.

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During the Crushing Season 2018-19, at both the units, 7.90 Lakh Tonnes of Sugar Cane was crushed and 8.99 Lakh Quintals of sugar produced with an average recovery of 11.38% comparing to the previous season figures of 7.00 Lakh Tonnes of Sugar Cane and Sugar of 7.99 Lakhs Quintals with an average recovery of 11.41% respectively. In detail, at Kamareddy Unit, 4.29 Lakh Tonnes of Sugar Cane was crushed (Previous Season 3.60 Lakh Tonnes) and produced sugar of 4.93 Lakhs Quintals (Previous Season 4.16 Lakh Quintals) with an Average Recovery of 11.51% (Previous Season 11.56%) and at Nizamsagar Unit 3.60 Lakh Tonnes (Previous Season 3.40 Lakh Tonnes) of Sugar Cane and produced sugar of 4.05 Lakhs Quintals (Previous Season 3.83 Lakh Quintals) with an Average Recovery of 11.26% (Previous Season 10.26%).

### **Distillery:**

During the Financial Year, the Distillery unit produced Ethanol of 80.19 Lakh liters, Rectified Spirit (RS) – 3.59 Lakh Liters and Impure Spirit (IS) – 1.24 Lakh Liters totalling to 85.02 lakh Liters (compared to the previous year of Ethanol of 63.63 lakh Liters, Rectified Spirit (RS) – 2.30 Lakh Litres and Impure Spirit (IS) 2.16 Lakhs totalling to 68.09 lakh Liters).

### **Power:**

The Export of Power during the crushing season 2018-19 was to the extent of 274.59 Lakh kwh (Kamareddy Unit 58.43 Lakh kwh & Nizamsagar Unit 216.16 lakh kwh) as compared to the previous year season of 249.25 Lakh kwh (Kamareddy Unit 52.25 Lakh kwh & Nizamsagar Unit 196.99 lakh kwh).

### **Manufacturing:**

The Company is continuously implementing better manufacturing methods to increase operating efficiencies, thereby eliminating process losses. This has been recognised by South Indian Sugarcane & Sugar Technologists' Association (SISSTA) by awarding best

“PLATINUM AWARD for “BEST TECHNICAL EFFICIENCY 2018-19”

“PLATINUM AWARD for BEST SUGAR CANE DEVELOPMENT 2018-19”

“GOLDEN AWARD for BEST Co-GENERATION 2018-19”

### **RISK AND CONCERNS**

As explained above, the major risk is availability of cane, Company is focusing on implementation of various measures as discussed in future outlook section. Company has improved on operational efficiency and is best in terms of efficiency in the southern region of India.

### **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**

The Financial Statements of the Company for the year 2018-19 has been prepared in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules 2015 (as amended).

During the Financial Year 2018-19, the Overall performance of the Company is as under:

**Production:**

Details	Financial Year 2018-19	Financial Year 2017-18
Total Cane Crushed	<b>7,89,770 Tones</b>	7,00,399 Tones
Sugar Production	<b>8,98,986 Quintals</b>	7,99,523 Quintals
Recovery	<b>11.38 %</b>	11.41 %
Molasses production (Tonnes)	<b>36,158 Tones</b>	32,127 Tones
Power Exported (lakh units)	<b>274.59 lakh Bulk Units</b>	249.25 lakh Bulk Units
Distillery Unit: Ethanol/Rectified Spirit (RS) & Impure Spirit (IS) Production	<b>80.19 lakh Liters</b> <b>4.83 lakh Liters</b>	63.63 lakh Liters 4.46 lakh Liters

**Financial Review:**

**Capital:**

There was no change in the capital structure of the Company. However, the Preference Share Capital has been classified as Financial Liability under the Head "Non – Current Liabilities" as per the Indian Accounting Standards applicable to the Company from the Financial Year 2017-18

**Net Worth:**

The net worth of the Company eroded due to losses incurred by the Company in the previous financial years and for the current financial year.

**Long Term Debt:**

The Borrowings including current maturities of the Company decreased from Rs. 123,28.70 lakhs to Rs. 112,39.67 lakhs with a net effect of Rs. 10,89.03 lakhs. The Company has repaid the Term Loan to an extent of Rs. 14,50.53 lakhs.

**Working Capital:**

There were no additional working capital borrowings during the year under review.

**Gross Block of Assets:**

The gross block of the assets of the Company was increased by Rs. 311.00 Lakhs during the year and stood at Rs. 26,822.72 lakhs at the end of the year because of modifications done in sugar plant. During the year, the Company provided depreciation and amortization of Rs. 1,006.85 lakhs as per the provisions of Schedule II of the Companies Act, 2013.

**Inventories:**

Value of inventories stood at Rs. 12,032.60 lakhs as at 31<sup>st</sup> March, 2019 against Rs. 9,270.82 lakhs as at 31<sup>st</sup> March, 2018.

**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

### 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. Before making any business decision, we take into account stakeholders' interest.

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. The code of conduct is available on the website of the company at [www.gayatrisugars.com](http://www.gayatrisugars.com).

##### II. 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, 2019

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

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

The Company has issued formal letters of appointment to the IDs. As required under Regulation 46 of the Listing Regulations, as amended, the terms and conditions of appointment of IDs including their role, responsibility and duties are available on our website [www.gayatrisugars.com](http://www.gayatrisugars.com).

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- 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, 2019

	<b>Mrs. T. Indira Reddy</b>	<b>Mrs. T. Sarita Reddy</b>	<b>Mr. T. V. Sandeep Kumar Reddy</b>	<b>Mr. T.R. Rajagopalan</b>	<b>Mr. J.N. Karamchetti</b>	<b>Mr. Raghuraj Suresh Bhalerao</b>
Category	<b>Chairperson Promoter Director</b>	<b>Managing Director</b>	<b>Non-Executive Director</b>	<b>Independent Non-Executive Director</b>	<b>Independent Non-Executive Director</b>	<b>Independent Non-Executive Director</b>
Date of appointment	21/07/2005	21/07/2005	15/06/1995	01/06/2001	30/09/2014	11/11/2016
No. of other Directorships <sup>#</sup>	16	10	14	3	4	—
Chairmanship in Committees of Board of other Companies*	—	—	1	1	2	—
Membership in Committees of Board of other Companies*	1	1	3	0	2	—
Directorship in other Listed Entity	a. Gayatri Tissue and Papers Limited (Non-Executive, Non-Independent Director) b. Gayatri Projects Limited (Non-Executive, Non-Independent Director)	a. Gayatri Bioorganics Limited (Non-Executive, Non-Independent Director)	a. Gayatri Bioorganics Limited (Non-Executive Non-Independent Director) b. Gayatri Projects Limited (Executive, Non-Independent Director)	a. Gayatri Bioorganics Limited (Non-Executive Independent Director)	a. Gayatri Bioorganics Limited (Non-Executive, Independent Director) b. Gayatri Projects Limited (Non-Executive Independent Director) c. Gayatri Tissue and Papers Limited (Non-Executive, Independent Director)	
No. of Board Meetings held / attended	4/4	3/4	4/4	4/4	3/4	3/4



Attendance at the last AGM held on September 19, 2018	No	No	No	Yes	Yes	Yes
No. of Shares Held as on 31/03/2019	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 Reddy	Son of T. Indira Reddy and spouse of T. Sarita Reddy	—	—	— —

# Excludes directorship in section 8 Companies and Gayatri Sugars Limited

\* includes only membership and chairmanship in Audit and Stakeholder Relationship Committee of Indian Public Companies

**Director qualifications, skills, expertise, competencies and attributes desirable in Company's business and sector in which it functions**

<b>Skills/Expertise/Attributes</b>	<b>Description</b>
Adhering to Company Values and Culture	Appreciative of Company core values and maintain integrity in functioning.
Understanding of Industry and Operations	Knowledge of operations, business environment and challenges in manufacturing industry
Knowledge of Law and Corporate Governance	Awareness about the regulatory compliances and internal controls, regulatory eco system in which company operates

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

**BOARD MEETINGS:**

Our Secretarial Department in consultation with the Key Managerial Personnels, Managing Director and with Board decides the dates of 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 4 times in the Financial Year 2018–19 on 18.05.2018, 13.08.2018, 13.11.2018 and 07.02.2019.

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 draft 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 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: 2018–19 on 18.05.2018, 13.08.2018, 13.11.2018 and 07.02.2019.

**Audit Committee Meetings and Attendance:**

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

**NED (I)** : Non Executive Independent Director

**ED** : Executive Director

The necessary quorum was present at all the meetings. The Chairman of Audit Committee was present at the 23rd AGM to answer shareholders' queries.

**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.

**Nomination and Remuneration Committee - Composition Meetings and Attendance:**

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

**NED (I) :** Non Executive Independent Director    **NED:** Non Executive Director

**ED:** Executive Director

During the financial year 2018-2019, two meetings of Nomination and Remuneration Committee was held on 13.08.2018 and 07.02.2019 respectively. The Chairman of Nomination and Remuneration Committee was present at the 23rd AGM to answer shareholders’ queries.

The remuneration policy and the criteria for making payments to Non-Executive Directors is available on our website [www.gayatrisugars.com](http://www.gayatrisugars.com). The Committee coordinates and oversees the annual self-evaluation of the performance of the Board, Committees and of individual Directors.

**Remuneration and sitting fees paid to the Directors during 2018-2019**

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (₹ in Lakhs)	Sitting fees (₹ in Lakhs)
Mrs. T. Indira Reddy	Non Executive Chairperson	–	0.20
Mr. T.V. Sandeep Kumar Reddy	Non-Executive Vice Chairman	–	0.20
Mrs. T. Sarita Reddy	Managing Director	48.00	–
Mr. T.R. Rajagopalan	Non Executive/Independent	–	0.24
Mr. J.N. Karamchetti	Non Executive/Independent	–	0.18
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
- 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. J.N. Karamchetti	Chairman	NED (I)	1	1
Mr. T.V. Sandeep Kumar	Member	NED	1	1
Mrs. T. Sarita Reddy	Member	ED	1	1

**NED (I)** : Non Executive Independent Director      **NED** : Non Executive Director

**ED** : Executive Director

The Stakeholders Relationship Committee meeting was held during the Financial year 2018-19 on 07.02.2019. The Chairman of Stakeholders Relationship Committee was present at the 23rd AGM to answer shareholders' queries.

**b) Name and Address of Compliance Officer**

**CS CHETAN KUMAR SHARMA**

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: cs.gsl@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. The Constitution of Corporate Social Responsibility Committee is as follows :**

Name	Designation	Category
Mr. J.N. Karamchetti	Chairman	NED (I)
Mr. T.V. Sandeep Kumar Reddy	Member	NED
Mrs. T. Sarita Reddy	Member	ED

**NED (I)** : Non Executive Independent Director      **NED** : Non Executive Director

**ED** : Executive Director

**VII. MEETING OF INDEPENDENT DIRECTORS:**

The Independent Directors of the Company had met during the year on 07.02.2019 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)).

**VIII. General Body Meetings**

**(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
2017-18	FTAPCCI SURANA Auditoriam 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.	Wednesday the 19 <sup>th</sup> Day of September, 2018	10:30 A.M.	1. Considering the appointment of Mrs. T. Sarita Reddy as the Managing Director 2. To make (loan(s) and to give guarantee(s) provide security (ies) or make investment(s) in excess of the prescribed limit under section 186 of the Companies Act, 2013
2016-17	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.	Thursday the 29 <sup>th</sup> day of June, 2017	10:30 A.M.	1. Considering the appointment of Mr. Raghuraj Suresh Bahlerao as Independent Director.
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 <sup>th</sup> day of September, 2016	3:00 P.M.	1. Considering the appointment of Ms. T. Sarita Reddy as the Managing Director.

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 2018-19:**

NIL

**IX. Disclosures**

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

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

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



- b) 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.

- c) 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 oversees the Vigil Mechanism System/ Whistle blower policy in the company and no personnel has been denied access to the Audit Committee. The said policy is available on website of the company at [www.gayatrisugars.com](http://www.gayatrisugars.com).

- d) 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.

- e) Web link for policy on dealing with related party transactions.**

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

- f) Risk Management**

The 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 Committee 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

**g) Means of Communication**

The quarterly, half yearly un-audited financial results and the annual audited financial results are published in leading News Papers namely, Financial Express and Andhra Prabha/Manatelangana. 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.

**h) 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.

**X. General Shareholders' Information**

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

<b>Financial Year</b>	<b>2018-2019</b>
Day, Date and Time	Thursday, September 26, 2019 at 11:30 A.M.
Venue	FTCCI Surana Auditorium, The Federation of Telangana Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad-500 004.

**b) Financial Calendar (tentative):** Financial Year 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020

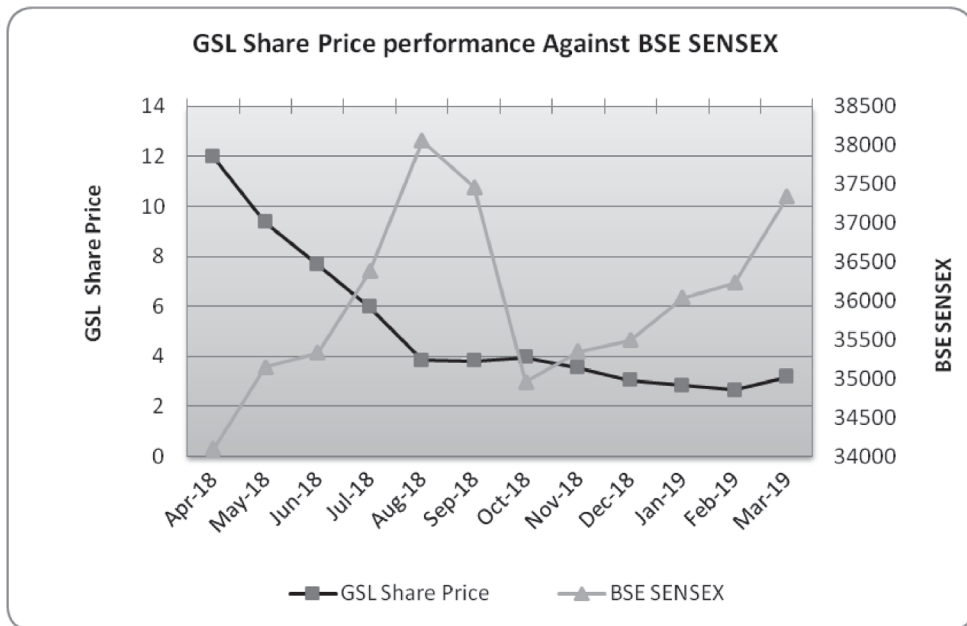
<b>Quarter Ending</b>	<b>Release of Results</b>
June 30, 2019	Second week of August, 2019
September 30, 2019	Second week of November, 2019
December 31, 2019	Second week February, 2020
March 31, 2020	Third/Fourth Week of May, 2020*

\*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 Thursday, September 19, 2019 to Thursday, September 26, 2019 (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.  
The annual Listing fees has been paid to the Stock Exchange.
- f) Scrip ID and code** : 532183 & GAYATRI
- g) Depository for Equity Shares** : NSDL and CDSL
- h) Demat ISIN Number** : INE622E01023
- i) Market Price data** : High/ Low during each month in the Financial year 2018-19

Month	BSE SHARE PRICE			BSE SENSEX	
	High Price	Low Price	Volume (No of Shares traded)	High Price	Low Price
Apr-18	15.00	8.95	2,00,57,986	35,213.30	32,972.56
May-18	10.47	8.26	30,95,924	35,993.53	34,302.89
Jun-18	8.20	7.16	42,963	35,877.41	34,784.68
Jul-18	7.02	4.95	52,778	37,644.59	35,106.57
Aug-18	4.86	2.80	3,43,107	38,989.65	37,128.99
Sep-18	4.86	2.77	2,65,599	38,934.35	35,985.63
Oct-18	4.27	3.63	3,02,797	36,616.64	33,291.58
Nov-18	4.10	2.97	1,12,955	36,389.22	34,303.38
Dec-18	3.39	2.67	89,574	36,554.99	34,426.29
Jan-19	3.09	2.55	81,428	36,701.03	35,375.51
Feb-19	3.48	1.81	1,30,270	37,172.18	35,287.16
Mar-19	3.72	2.62	83,409	38,748.54	35,926.94

**Gayatri Sugars Share Price versus BSE SENSEX:**



**j) 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. 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.

Further, as mandated by SEBI vide its Circular No.SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the Company has sent three reminder letters to its share holders advising them to update their PAN and Bank details with the Company/Depositories.

Further, Shareholders may note that SEBI and MCA has mandated that existing Members of the Company who hold securities in physical form and intend to transfer their securities after April 1, 2019, can do so only in dematerialised form. We request you to dematerialise your physical shares for ease of transfer.

**k) Categories of shareholders as on March 31, 2019:**

Shareholders	As on 31.03.2019		As on 31.03.2018	
	No. of Shares	%	No. of Shares	%
Promoters	25040888	57.30	25040888	57.30
Financial Institutions and Banks	-	-	-	-
Private corporate bodies	5968366	13.66	9673387	22.13
Indian Public	12629489	28.90	8915862	20.40
NRI/OCB	64900	0.15	73506	0.17
<b>Total</b>	<b>43703643</b>	<b>100</b>	<b>43703643</b>	<b>100</b>

**l) Distribution of Shareholding as on March 31, 2019:**

Shareholding	Total no of shareholders	% to total shareholders	Total No of shares	% to total capital
1-500	14173	78.6	2319137	5.31
201-1000	1974	10.95	1632021	3.73
1001 – 2000	935	5.19	1463150	3.35
2001 – 3000	299	1.66	772565	1.77
3001 – 4000	166	0.92	604792	1.38
4001 – 5000	127	0.7	604452	1.38
5001 – 1000	213	1.18	1628027	3.73
10001 - above	145	0.8	34679499	79.35
<b>Total</b>	<b>18032</b>	<b>100</b>	<b>43703643</b>	<b>100</b>

**m) Dematerialization of shares and liquidity:**

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

**Status of Dematerialization of shares as on March 31, 2019:**

Held in NSDL: 2,34,17,057 shares

Held in CDSL: 2,02,61,264 shares

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

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

**o) Commodity price risk or foreign exchange risk and hedging activities: Nil**

**p) Registrar and Transfer Agents: (RTA)**

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

**q) Plant Locations:**

**Kamareddy Unit**

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

**Nizamsagar Unit**

Maagi Village,  
Nizamsagar Mandal,  
Kamareddy District,  
Telangana.

**r) Address for correspondence and contact persons for investor queries:**

**Registered Office:**

Gayatri Sugars Limited  
B2, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers,  
Rajbhvan Road, Somajiguda,  
Hyderabad – 500 082.

**Contact Person:**

Sri.VR Prasad, Chief Financial Officer /  
Mr. Chetan Kumar Sharma, Compliance Officer  
Phone: 040-23414823, Fax: 040-23414827  
Email : cs.gsl@gayatri.co.in

**s) SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralised web based complaints redressal 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.

**XI. Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The disclosure regarding the complaints of sexual harassment is given in the Board's Report.

**XII. Consolidated Fees paid to Statutory Auditors**

During the Financial Year 2018-19, the total fees for all services paid by the Company on a consolidated basis, to MOS & Associates LLP, Chartered Accountants, Statutory Auditors of the Company is as under:

Consolidated fees paid to statutory auditors:

(Rs. in lakhs)

<b>Particulars</b>	<b>Amount</b>
Services as statutory auditors	6.00
Taxation matters and audit	0.50
Other services	-
Out-of-pocket expenses	-
<b>Total</b>	<b>6.50</b>

**XIII. 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.

**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 website [www.gayatrisugars.com](http://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 2018-19.

**3. Audit Qualifications:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2019 and the qualifications have been addressed in Board's Report.

**4. Reporting of Internal Auditor:**

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

## **CEO and CFO certification**

As required by Regulation 17(8) read with Schedule II Part B of the Listing Regulations, the Managing Director and Chief Financial Officer have given appropriate certifications to the Board of Directors.

### **Certification from Company Secretary in Practice on Directors**

A certificate has been received from Y. KOTESWARA RAO, Practising Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. Certificate given is annexed to this report.

#### **Details of Corporate Policies and their website links**

*Composition and Profile of the Board of Directors*

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

*Terms and conditions of appointment of Independent Directors*

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

*Code of Conduct*

[http://www.gayatrisugars.com/pdf/CG/Code\\_Of\\_Conduct.pdf](http://www.gayatrisugars.com/pdf/CG/Code_Of_Conduct.pdf)

*Nomination, Remuneration and Evaluation Policy*

[http://www.gayatrisugars.com/pdf/CG/Nomination\\_RemunerationAndEvaluationPolicy.pdf](http://www.gayatrisugars.com/pdf/CG/Nomination_RemunerationAndEvaluationPolicy.pdf)

*Familiarization Programme for Independent Directors*

[http://www.gayatrisugars.com/pdf/CG/Familiarization\\_Programme\\_for\\_Independent\\_Directors-New.pdf](http://www.gayatrisugars.com/pdf/CG/Familiarization_Programme_for_Independent_Directors-New.pdf)

*Code of Practices and Procedures for fair disclosure of UPSI*

[http://www.gayatrisugars.com/pdf/CG/Code\\_of\\_Practices\\_and\\_Procedures\\_for\\_fair\\_disclosure\\_of\\_UPSI.pdf](http://www.gayatrisugars.com/pdf/CG/Code_of_Practices_and_Procedures_for_fair_disclosure_of_UPSI.pdf)

*Policy on Materiality of Related Party Transactions and on Dealings with Related Party Transactions*

[http://www.gayatrisugars.com/pdf/CG/Related\\_Party\\_Transaction\\_Policy.pdf](http://www.gayatrisugars.com/pdf/CG/Related_Party_Transaction_Policy.pdf)

*Policy on Determining Materiality of Events Policy*

<http://www.gayatrisugars.com/pdf/CG/PolicyOnDeterminingMaterialityOfEventsPolicy.pdf>

*Corporate Social Responsibility Policy*

[http://www.gayatrisugars.com/pdf/CG/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.gayatrisugars.com/pdf/CG/Corporate_Social_Responsibility_Policy.pdf)

*Risk Policy and Procedures*

<http://www.gayatrisugars.com/pdf/CG/RiskPolicyAndProcedures.pdf>

*Whistle Blower Policy*

<http://www.gayatrisugars.com/pdf/CG/WhistleBlowerPolicy.pdf>

*Archival Policy*

<http://www.gayatrisugars.com/pdf/CG/ArchivalPolicy.pdf>

**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  
Gayatri Sugars Limited

I have examined the compliance of the conditions of Corporate Governance by M/s. Gayatri Sugars Limited ('the Company') CIN: L15421TG1995PLC020720 for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. 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 the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

I further 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.

Place: Hyderabad  
Date: 13.08.2019

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



**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 OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulations 34 (3) and Schedule V para C clause (10)  
(i) of the Securities Exchange Board of India (Listing Obligations and  
Disclosure Requirement) Regulations, 2015 ).

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Gayatri Sugars Limited having CIN: L15421TG1995PLC020720 and having registered office at

B2, 2nd Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad TG 500082 IN (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me / us by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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S.No.	Name of the Director	DIN	Date of Appointment
1.	Venkata Sandeep Kumar Reddy Tikkavarapu	00005573	15/06/1995
2.	Thikkavarapu Indira Reddy	00009906	21/07/2005
3.	Tikkavarapu Sarita Reddy	00017122	21/07/2005
4.	Rajagopalan Ramaswamy Tulazendrapuram	00020643	01/06/2001
5.	Jawaharlal Nehru Karamchetti	00940963	30/09/2014
6.	Raghuraj Suresh Bhalerao	07652493	11/11/2016

Ensuring the eligibility for the each Director appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate 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.

Place: Hyderabad  
Date: 13.08.2019

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

## ANNEXURE - VI

### Annual Report on Corporate Social Responsibility Activities

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### 1. Overview of policy

The Company had adopted Corporate Social responsibility Policy (CSR) Policy on August 14, 2017. Our CSR Policy focuses on eradicating extreme hunger, poverty, Promotion of education including special education, Promoting gender equality and empowering women, Ensuring environmental sustainability and ecological balance, Rural Development Projects and other need based initiatives in compliance with Schedule VII of the Companies Act, 2013. The policy is available on website of the Company at [www.gayatrisugars.com](http://www.gayatrisugars.com). The Committee comprises Mr. J. N. Karamchetti (Chairperson), Mr. T. V. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy.

#### 2. CSR Delivery Arm

In terms of the Companies Act, 2013, companies are allowed to carry out their CSR activities through registered trusts and/or societies or directly. Gayatri Sugars limited carry out CSR Activities directly.

#### 3. Financial details:

(Rs. in Lakhs)

Particulars	Amount
Average Net profits of the Company for the last three financial years	314.80
Prescribed CSR Expenditure (2% of the average net profits)	6.30
Details of CSR spent during the financial year	
a. Amount to be spent for the financial year	6.30
b. Amount spent	14.10
c. Amount unspent, if any	NIL

#### 4. Manner in which the amount spent during the financial year is detailed below:

(Rs. in Lakhs)

Sl No	CSR Activity or Project name	Sector in which CSR Activity Done	Location	Amount spent	Expenditure Direct/Indirect
1	Making available safe drinking water	Drinking water	Kachapur Village, Biknoor Mandal Lingampet Village, Nizamsagar Mandal Mathu Sangam, Nizamsagar Mandal Ellgoi Village – Narayankhed Mandal Gorgal Village, Nizamsagar Mandal	14.10	Direct

#### 5. Responsibility Statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the Corporate Social Responsibility Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives and CSR Policy of the Company.

Sd/-  
**J N karamchetti**  
Chairman of CSR Committee  
DIN: 00940963

sd/-  
**T. Sarita Reddy**  
Managing Director  
DIN:00017122

Sd/-  
**T.V. Sandeep Kumar Reddy**  
Vice Chairman  
DIN: 00005573

**ANNEXURE - VII**

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

**Information as per rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :**

**a) Remuneration details of directors and KMP**

- (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	Remuneration for Financial Year (Rs. In Lakhs)		% increase in remuneration	Ratio of the remuneration to the median remuneration of the employees
		2018-19	2017-18		
	Executive Director/KMP	2018-19	2017-18		
1	Mrs. T. Sarita Reddy	48.00	38.50	12.33	25.22:1
2	Mr. V. R. Prasad	20.33	19.78	2.74	—
3	Mr. Chetan Kr. Sharma	4.35	0.70*	3.57	—

\* Relates to salary for two months.

- (ii) The percentage increase in the median remuneration of employees in the financial year: 4.41
- (iii) The number of permanent employees on the rolls of company as on March 31, 2019: 651
- (iv) 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 6.83% and there has been increase in the managerial remuneration during the last financial year.
- (v) The key parameters for any variable component of remuneration availed by the directors: Nil
- (vi) Affirmation that the remuneration is as per the remuneration policy of the company.- Yes
- b) There are no Employees drawing remuneration more than Rs. 1,02,00,000/- per annum if employed throughout the financial year and Rs. 8,50,000 per month, if employed for the part of the financial year during the year.

b) Top 10 Employees in terms of remuneration drawn during the year.

Employee Name	Designation	Remuneration 18-19 (in Rs.)	Age	Educational Qualification	Date of Joining	Last Employment held	Experience (in years)
T. Sarita Reddy*	Managing Director	48,00,000	48	BCom, MBA	10/27/2006	—	15
V R Prasad	C F O	20,32,700	61	Mcom,PG Diploma in BM	5/9/2012	Gayatri Projects Limited	39
T. Venugopal Rao	Vice President	19,33,388	58	BSc (Agriculture)	9/23/1998	Ponni Sugars Ltd	34
G. Satyanarayana Reddy	Vice President	17,24,192	62	BSc , ANSI	9/17/2006	Nizam Deccan Sugars Ltd, Bodhan	40
B Sankara Rao	President	13,76,900	48	Diploma CE,AMIE,MBA	8/16/1995	—	24
P. Malakondaiiah	General Manager (F&A)	13,32,944	67	Mcom,PG Diploma in FA	10/18/2004	Shree Vaani Sugars Ltd, Punganuru	42
D Veeraju	SR.GM (ENGG)	11,64,800	67	Diploma Mechanical Engineering,BOE	8/30/2013	Prudential Sugars Limited,Puttur	42
Kadam Venkat Rao	SR. GM (CANE)	11,43,400	61	BSc (Agriculture)	12/4/2011	Nizam Deccan Sugars Ltd, Medak	37
S Murali Krishna	A C M(PP&A)	11,07,956	39	BSc(MPC)	7/14/2008	Matrix Agri Sciences Private Limited	16
Chepuri Vijaya Bhasker Rao	SR. GM (EXTN)	11,03,800	60	BSc (Agriculture)	6/29/2012	Trident Sugars Limited, Zaheerabad	37

\*None of the employees mentioned above except Mrs. T. Sarita Reddy, who is spouse of Mr. T. V. Sandeep Kumar Reddy (Non-Executive Director) and daughter in law of Mrs. T. Indira Reddy (Non-Executive Director), is a relative of any Director of the Company or Manager of the Company.

\* Mrs. T. Sarita Reddy does not hold any shares in the Company. Her spouse Mr. T. V. Sandeep Kumar Reddy holds 15.47% of the total Equity Shares.

For and on behalf of the Board of Directors

sd/-  
(T. SARITA REDDY)  
Managing Director  
DIN: 00017122

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

Place: Hyderabad  
Date : 13.08.2019

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Gayatri Sugars Limited**

**Report on the Audit of the Standalone Financial Statements**

### **Qualified Opinion**

We have audited the Standalone Financial Statements of Gayatri Sugars Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, and the loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Qualified Opinion**

As stated in note 28.16 to the accompanying Standalone Financial Statements, regarding the High Court dismissing the writ petition 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 Honorable Supreme Court and the pending matter before the Board for Industrial and Financial Reconstruction being abated. As stated in the said note, the Company has treated the estimated duty amount aggregating to ₹ 283.99 Lakhs as a contingent liability and no provision has been made in respect of the same.

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 Standalone Financial Statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified audit opinion on the Standalone Financial Statements.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 28.17 of the Standalone Financial Statements which states that during the year the company has incurred a loss of ₹ 1,946.66 Lakhs and as at 31<sup>st</sup> March, 2019, the accumulated losses have completely eroded the Net-worth of the Company and the Company's current liabilities exceed the current assets by ₹ 11,786.80 Lakhs. The Standalone Financial Statements have been

prepared on a going concern basis based on a Comfort letter provided by the promoters for continues support to the Company to meet its financial obligation, in order to enable the Company to continue its operations in the foreseeable future.

Our Opinion is not modified in respect of the above matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described in the *Basis for Qualified Opinion* paragraph above to be the key audit matter to be communicated in our report.

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and analysis, Boards Report including annexures to Board’s Report, Business responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the Standalone Financial Statements and our auditor’s report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and those Charged with Governance for the Standalone 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or



regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and except for the matter described in the Basis of 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 of 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 including other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) 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 B”.
  - g) 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, in our opinion and to the best of our information and according to the explanations given to us:
    - i. As stated in Note no. 28.2 of the Standalone Financial Statements, 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M O S & Associates LLP**  
Chartered Accountants  
Firm’s Registration No.001975S/S200020

**Oommen Mani**  
Partner  
Membership No. 234119

Place : Hyderabad  
Date : 9<sup>th</sup> May, 2019

## **ANNEXURE "A" TO THE AUDITOR'S REPORT**

The Annexure referred to in the Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2019, we report that:

- i. In respect of Fixed Assets:
  - a. In our opinion and as per the information and explanations given to us, the Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets;
  - b. The management of the company has verified the fixed assets at reasonable intervals during the year. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to the book records, which in our opinion were not material, have been properly dealt with.
- (iii) According to the information and explanation given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3 (iii) (a), 3(iii) (b), 3(iii) (c) of the order are not applicable.
- (iv) According to information and explanations given to us and in our opinion, the company has complied with the provisions of sections of 185 and 186 of the Act, to the extent applicable, in respect of grant of loans, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Accordingly the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under section 148(1) 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) In respect of statutory dues
  - a. According to the information and explanations given to us, and based on our examination of records of the Company, amounts deducted/ accrued in the books of accounts in respect of statutory dues including provident fund, income tax, value added tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate statutory authorities, except for dues relating to Cane Development Council Fund and Income Tax.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, goods and service tax, duty of custom, duty of excise, value added tax, Cess and other

material statutory dues were outstanding, at the year end, 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. According to the information and explanation given to us, there are no dues of Sales tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Goods and Service Tax, and Cess which have not been deposited as on 31<sup>st</sup> March, 2019 on account of any dispute, except the following:

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 2008 to 2013	80.28

- viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or Government as on the Balance Sheet date, except as under.

Lender name	Principal ₹ in lakhs	Period of default (In days)	Interest ₹ in lakhs	Period of default (In days)
Andhra Bank – Excise duty term loan	17.58	17-80	0.79	24-87
Andhra Bank – Soft Loan	24.27	4-59	8.49	24-87
Andhra Bank – Corporate Loan	26.40	0-58	7.14	24-87
Union Bank of India - Excise duty term loan	—	3-76	—	0-87
Union Bank of India – Soft Loan	—	2-60	—	0-87
Bank of Baroda - Excise duty term loan	9.67	7-62	0.67	10-87
Bank of Baroda – Soft loan	6.67	2-60	3.04	10-88
Bank of Baroda – Corporate Loan	7.25	2-60	3.31	10-88
Punjab National Bank - Excise duty term loan	4.99	6-45	0.37	3-60
Punjab National Bank – Soft Loan	3.43	4-32	1.14	3-60
Punjab National Bank - Corporate loan	3.73	0-44	0.73	3-60
Sugar Development Fund Term Loan	1,991.60	191-1959	1,520.07	191-1959
State Bank of India – Excise duty term loan	16.12	21-82	0.65	24-80
State Bank of India – Soft loan	11.13	0-63	4.92	24-80
State Bank of India – Corporate Loan	12.10	8-44	2.35	24-89

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- (ix) According to information and explanations given to us, the company has not raised moneys by way of public offer (including debt instruments). Based on our audit procedures and according to the information and explanations given to us, in our opinion, the Term loans availed by the Company were, prima facie, applied for the purpose for which they were obtained.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor we have been informed of any such case by the management.
- (xi) In our opinion and according to the information and explanations given to us, the company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company, provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on examination of records of the Company, transactions with related parties are in compliance of Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made 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) According to the information and explanations given to us and based on examination of records of the Company, the Company has not entered into any non-cash transaction with directors or persons connected with them. Hence, Clause 3(xv) of the Order is not applicable for the current year under report.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **M O S & Associates LLP**  
Chartered Accountants  
Firm's Registration No.001975S/S200020

**Oommen Mani**  
Partner  
Membership No. 234119

Place : Hyderabad  
Date : 9<sup>th</sup> May, 2019

## **ANNEXURE “B” TO THE AUDITOR’S REPORT**

### **Report on the Internal Financial Controls 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 31<sup>st</sup> March, 2019 in conjunction with our audit of the Standalone 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 (‘ICAI’). 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.

#### **Auditors’ 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 weakness have been identified as at March 2019 relating to Managements assessment of estimating potential liability relating to a disputed matter as described in note no. 28.16 to the Standalone 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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup> March, 2019, 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 **M O S & Associates LLP**  
Chartered Accountants  
Firm's Registration No.001975S/S200020

**Oommen Mani**  
Partner  
Membership No. 234119

Place : Hyderabad  
Date : 9<sup>th</sup> May, 2019

## BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	Note No.	As at 31st March, 2019 ₹ in lakhs	As at 31st March, 2018 ₹ in lakhs
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant and Equipment	2	10,653.84	11,378.87
(b) Capital Work in Progress	2	7.78	172.56
(c) Intangible Asset	2	1.13	1.23
(d) Financial Asset			
(i) Other Financial Assets	3	80.49	76.41
(e) Other non current assets	4	255.39	518.26
<b>Total Non-Current Assets</b>		<b>10,998.63</b>	<b>12,147.33</b>
<b>Current assets</b>			
(a) Inventories	5	12,032.60	9,270.82
(b) Financial Asset			
(i) Trade receivables	6	2,776.69	903.01
(ii) Cash and cash equivalents	7	213.88	984.80
(iii) Other bank balances	8	136.77	4.24
(c) Other Current Assets	9	1,139.95	1,375.60
<b>Total Current Assets</b>		<b>16,299.89</b>	<b>12,538.47</b>
<b>TOTAL ASSETS</b>		<b>27,298.52</b>	<b>24,685.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Share capital	10	4,370.05	4,370.05
(b) Other Equity	11	(13,840.10)	(11,372.63)
<b>Total Equity</b>		<b>(9,470.05)</b>	<b>(7,002.58)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	8,319.39	8,448.33
(ii) Other Financial Liabilities	13	56.98	264.11
(b) Provisions	14	305.51	430.70
<b>Total Non-Current Liabilities</b>		<b>8,681.88</b>	<b>9,143.14</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	6,889.58	6,902.81
(ii) Trade payables	16	12,064.67	4,280.24
(iii) Other Financial Liabilities	17	8,367.54	10,177.33
(b) Other Liabilities	18	658.19	1,087.72
(c) Provisions	19	106.71	97.14
<b>Total Current Liabilities</b>		<b>28,086.69</b>	<b>22,545.24</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,298.52</b>	<b>24,685.80</b>

Coporate information and Significant accounting policies  
Other notes forming part of the Financial Statements

1  
28

As per our report attached  
**For M O S & Associates LLP**  
Chartered Accountants  
Sd/  
**Oommen Mani**  
Partner

Place : Hyderabad  
Date : 9th May, 2019

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

Sd/-  
**T. Sarita Reddy**  
Managing Director  
Sd/  
**V.R. Prasad**  
Chief Financial Officer

Sd/-  
**T.V. Sandeep Kumar Reddy**  
Vice Chairman  
Sd/-  
**Chetan Kumar Sharma**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019**

Particulars	Note No.	For the Year Ended 31st March, 2019 ₹ in lakhs	For the Year Ended 31st March, 2018 ₹ in lakhs
I Revenue from operations	20	31,167.93	25,138.10
II Other income	21	30.18	19.18
III <b>Total revenue (I+II)</b>		<b>31,198.11</b>	<b>25,157.28</b>
IV <b>Expenses</b>			
(a) Cost of materials consumed	22	26,376.84	20,743.54
(b) Purchases of Stock-in-Trade	23	245.06	408.33
(c) Changes in inventories of finished goods, work-in-progress and Stock in Trade	24	(2,729.71)	(5,160.80)
(d) Excise duty		—	49.45
(e) Employee benefits expense	25	1,813.87	1,663.17
(f) Finance costs	26	2,351.14	2,007.81
(g) Depreciation and amortisation expense	2	1,015.90	1,007.51
(h) Other expenses	27	4,071.67	3,142.77
<b>Total expenses (IV)</b>		<b>33,144.77</b>	<b>23,861.78</b>
V <b>Profit/(Loss) before Exceptional items and Tax (III-IV)</b>		<b>(1,946.66)</b>	<b>1,295.50</b>
VI Exceptional items		—	—
VII <b>Profit / (Loss) before tax (V-VI)</b>		<b>(1,946.66)</b>	<b>1,295.50</b>
VIII Tax expense		—	—
IX <b>Profit for the year (VII-VIII)</b>		<b>(1,946.66)</b>	<b>1,295.50</b>
X <b>Other Comprehensive Income (OCI)</b>			
Items that will not be reclassified to profit or loss :			
i) Re-measurement gains/(losses) on actuarial valuation of Post Employment defined benefits		162.93	(79.39)
ii) Income tax relating to Items that will not be reclassified to profit or loss		—	—
<b>Total Other Comprehensive Income (X)</b>		<b>162.93</b>	<b>(79.39)</b>
XI <b>Total Comprehensive Income for the Year (IX+X)</b>		<b>(1,783.73)</b>	<b>1,216.11</b>
XII Earnings per equity share (of ₹ 10/- each)			
Basic (₹)	28.11	4.45	2.28
Diluted (₹) (*Antidilutive)	28.11	*(4.45)	1.75
<b>Corporate information and Significant accounting policies</b>		<b>1</b>	
<b>Other Notes forming part of the Financial Statements</b>		<b>28</b>	

As per our report attached  
**For M O S & Associates LLP**  
Chartered Accountants

Sd/  
**Oommen Mani**  
Partner

Place : Hyderabad  
Date : 9th May, 2019

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

Sd/-  
**T. Sarita Reddy**  
Managing Director

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

Sd/-  
**T.V. Sandeep Kumar Reddy**  
Vice Chairman

Sd/-  
**Chetan Kumar Sharma**  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019**

Particulars	For the Year Ended 31st March, 2019 ₹ in lakhs	For the Year Ended 31st March, 2018 ₹ in lakhs
<b>Cash flow from operating activities:</b>		
Profit before tax	(1,946.66)	1,295.50
Adjustments for:		
Depreciation and amortization expenses	1,015.90	1,007.51
Finance costs	2,351.14	2,007.81
Interest income	(4.33)	(0.75)
<b>Operating profit before working capital changes</b>	<b>1,416.05</b>	<b>4,310.07</b>
Adjustments for:		
(Increase) / Decrease in Trade Receivables	(1,873.68)	703.39
(Increase) / Decrease in non-current financial asset	0.36	(0.29)
(Increase) / Decrease in Other current assets	235.65	(185.68)
(Increase) / Decrease in Other non-current assets	262.87	(501.23)
(Increase) / Decrease in Inventory	(2,761.78)	(5,215.14)
Increase / (Decrease) in non-current financial liabilities	(207.13)	(1,998.40)
Increase / (Decrease) in current financial liabilities	(1,099.17)	3,444.54
Increase / (Decrease) in other current liabilities	(429.53)	(110.87)
Increase / (Decrease) in provisions	47.31	37.24
Increase / (Decrease) in Trade Payables	7,784.43	3,257.48
<b>Cash generated from operations</b>	<b>3,375.38</b>	<b>3,741.11</b>
Direct tax paid (net of refunds)	-	-
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>3,375.38</b>	<b>3,741.11</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on fixed assets	(125.99)	(414.28)
Fixed deposits placed	(4.44)	(1.53)
Changes in other Bank Balances	(132.53)	(0.01)
Interest received	4.33	0.75
<b>Net cash used in investing activities (B)</b>	<b>(258.63)</b>	<b>(415.07)</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term borrowings	(1,089.03)	(1,846.90)
Proceeds from short-term borrowings	(13.23)	343.59
Interest and other borrowing cost paid	(2,785.41)	(1,694.19)
<b>Net cash (used in)/ flow from financing activities (C)</b>	<b>(3,887.67)</b>	<b>(3,197.50)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(770.92)</b>	<b>128.54</b>
Cash and Cash equivalents at the beginning of the year	984.80	856.26
Cash and Cash equivalents as at the end of year	<b>213.88</b>	<b>984.80</b>

**Note:**

Figures in brackets represent cash outflows.  
See accompanying notes forming part of the financial statements.

As per our report attached  
**For M O S & Associates LLP**  
Chartered Accountants

Sd/  
**Oommen Mani**  
Partner

Place : Hyderabad  
Date : 9th May, 2019

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

Sd/-  
**T. Sarita Reddy**  
Managing Director

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

Sd/-  
**T.V. Sandeep Kumar Reddy**  
Vice Chairman

Sd/-  
**Chetan Kumar Sharma**  
Company Secretary

## Annexure – I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Audited Financial Results

<b>Statement on Impact of Audit Qualifications for the Financial Year ended 31st March, 2019 (See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016)</b>					
	I	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
		1	Turnover / Total income	31,198.11	31,198.10
		2	Total Expenditure	33,144.77	33,314.77
		3	Net Profit/(Loss)	(1,946.66)	(2,116.67)
		4	Earnings Per Share		
			Basic	(4.45)	(4.84)
			Diluted	(4.45)	(4.84)
		5	Total Assets	27,298.52	27,298.51
		6	Total Liabilities	36,768.57	36,768.57
		7	Net Worth	(9,470.05)	(9,640.06)
		8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
<b>#impact (as quantified by Management) of qualification considered in Total Expenditure as exceptional item</b>					
	II	<p>Audit Qualification:</p> <p><b>a. Details of Audit Qualification:</b></p> <p>i) Attention is drawn to Note 4. of the Statement 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 sub sequential dismissal of special leave petition by the Honorable 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 ` 283.99 Lakhs as a contingent liability and no provision has been made in respect of the same.</p> <p>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 results.</p> <p>b. Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion:</p> <p>c. Frequency of Qualification: Whether appeared first time/Repetitive/ Since how long continuing: Appearing since the Annual Audited Results of FY 2016-17</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: -Not Applicable-</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: Refer Note 4 of the Financial Results: Impact of Qualification - ` 170 Lakhs debit to the Statement of Profit and Loss for the year ended 31st March, 2019 which is disclosed as an Exceptional Item (Refer Note below). Accordingly, the liabilities as at March 31, 2019 will increase and the net-worth as at March 31, 2018 shall reduce by the corresponding amount.</p>			

Note:

In the event of an unfavorable 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 Lakhs.

	(ii) If management is unable to estimate the impact, reasons for the same: - Not Applicable-
	(iii) Auditors' Comments on (i) or (ii) above: No further comments
	III. Signatories:
Managing Director	sd/- (T. Sarita Reddy)
CFO	sd/- V.R. Prasad
Audit Committee Chairman	sd/- T. R. Rajagopalan
Statutory Auditor	sd/- Oommen Mani
Place: Hyderabad	
Date: 09.05.2019	

## Twenty Fourth Annual Report

**GAYATRI SUGARS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

**Equity Share Capital and Other Equity** (₹ in Lakhs)

Particulars	Share Capital (Note 10)	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
		Securities Premium Account	Retained earnings		
<b>As at 01st April, 2017</b>	<b>4,370.05</b>	<b>215.84</b>	<b>(12,729.18)</b>	<b>(75.40)</b>	<b>(8,218.69)</b>
Changes in Equity Share Capital	-	-	-	-	-
Surplus / (Deficit) for the year	-	-	1,295.50	-	1,295.50
Other comprehensive income	-	-	-	(79.39)	(79.39)
<b>As at 31st March, 2018</b>	<b>4,370.05</b>	<b>215.84</b>	<b>(11,433.68)</b>	<b>(154.79)</b>	<b>(7,002.58)</b>
<b>As at 01st April, 2018</b>	<b>4,370.05</b>	<b>215.84</b>	<b>(11,433.68)</b>	<b>(154.79)</b>	<b>(7,002.58)</b>
Changes in Equity Share Capital	-	-	-	-	-
Add : Cumulative Finance Cost on Preference Shares (Refer Note: 28.4)	-	-	(683.74)	-	(683.74)
Surplus / (Deficit) for the year	-	-	(1,946.66)	-	(1,946.66)
Other comprehensive income	-	-	-	162.93	162.93
<b>As at 31st March, 2019</b>	<b>4,370.05</b>	<b>215.84</b>	<b>(14,064.08)</b>	<b>8.14</b>	<b>(9,470.05)</b>

As per our report attached

**For M O S & Associates LLP**  
Chartered Accountants

**Sd/**  
**Oommen Mani**  
Partner

Place : Hyderabad  
Date : 9th May, 2019

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

**Sd/-**  
**T. Sarita Reddy**  
Managing Director

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

**Sd/-**  
**T.V. Sandeep Kumar Reddy**  
Vice Chairman

**Sd/-**  
**Chetan Kumar Sharma**  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### CORPORATE INFORMATION:

Gayatri Sugars Limited was established in the year 1995 and its registered office is located at B2, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082. The company is registered with Bombay Stock Exchange (BSE).

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

### 1. Significant Accounting Policies:

#### 1.1. Compliance with Indian Accounting Standards (Ind AS)

The Company's Financial statements have been prepared to comply with generally accepted accounting principles in accordance with the Indian Accounting Standards (herein after referred to as "Ind AS") as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act 2013 ("the Act") read with rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendments rules 2016

#### 1.2. Basis of Preparation and Presentation of Financial Statements

The Financial statements are prepared on accrual basis following the historical cost convention except in case of certain financial instruments which are measured at fair values. The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed under Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Indian Accounting Standard (Ind AS) - 7 on "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the Listing Agreement. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment. Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy used previously.

Fair value for measurement adopted in these financial statements is determined on such a basis, except leasing transactions that are within the scope of Ind AS 17, Net Realizable value as per Ind AS 2 or value in use in Ind AS 36. Fair value measurements under Ind AS are categorized as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or Liability.

### **1.3. Use of Estimates**

The preparation of financial statements in conformity with Ind AS requires the management of the Company to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Actual results may differ from these estimates. The Company evaluates these estimations and assumptions on a continuous basis based on the historical experience and other factors including expectation of future events believed to be reasonable. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, estimation of costs as a proportion to the total costs, etc., Difference, if any, between the actual results and estimates is recognized in the period in which the results are known/materialized. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, are disclosed in the Notes to Account.

### **1.4 Inventories**

- (a) Raw materials, Stock-in-trade, Stores and Spares and Consumables are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First-in-First out basis and Cost includes applicable taxes, duties, transport and handling costs.
- (b) Finished goods are valued at lower of cost or net realizable value. Cost is average cost and includes all material costs, direct and indirect expenditure.
- (c) Work-in-progress is valued at lower of cost up to estimated stage of process and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.
- (d) By-products are valued at estimated net realisable value as the cost is not ascertainable.

### **1.5 Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, whereby the profit before extraordinary items and tax is adjusted for the effects of:

- i. transactions of a non-cash nature; and
- ii. any deferrals or accruals of past or future operating cash receipts or payments.

Items of income or expense associated from investing or financing cash flows of the company are segregated based on the available information.

Cash and cash equivalents (including bank balances) are reflected as such in the Statement of Cash Flows.

Cash and cash equivalents, comprise cash on hand, balances in current, Cheque-on-hand pending to be presented in Bank 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.

### 1.6 Depreciation and amortization

In respect of Property, Plant and Equipment (other than Land and Capital Work in Progress) depreciation is charged on a straight line basis over the useful lives as specified in Schedule II to the Companies Act 2013.

Software is amortised over a period of 3 years.

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

The Company has elected to consider the carrying values for all property, plant and equipment as deemed cost at the date of the transition i.e on 01<sup>st</sup> April, 2016.

### 1.7 Revenue Recognition

⇒ Revenue from Operations

(a) Sale of products

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, Goods and Service Tax but inclusive of excise duty.

(b) Sale of power

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.

⇒ Other income

(i) Interest Income is recognised on a time proportionate method using underlying Effective interest rates.

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

(iii) Harvesting income is recognized when the sugar cane growers have utilized the harvesting machinery in the respective fields and the sugar cane is been supplied to the factory.

### 1.8 Functional and presentation currency and Foreign Currency Transactions:

(a) The reporting currency of the company is Indian Rupee. Foreign Currency Transactions are translated at the functional currency spot rates prevailing on the date of transactions. Initial recognition.

(b) Monetary assets and current liabilities related to foreign currency transactions remaining unsettled are translated at the functional currency spot rates prevailing on the balance sheet date. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Statement of Profit and Loss.

(c) Non-monetary foreign currency items are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### 1.9. Property, Plant and Equipment:

(a) Tangible and Intangible:

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation thereon. Expenditure which are capital in nature are capitalized at cost,

which comprise of purchase price (net of rebates and discounts), import duties, levies, financing costs and all other expenditure directly attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) **Capital Work in Progress**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**1.10 Employee Benefits**

Liability for employee benefits, both short and long term, for present and past service which are due as per the terms of employment are recorded in accordance with Indian Accounting Standard 19 "Employee Benefits" issued by the Companies (Accounting Standard) Rules, 2015. Re-measurement gains /losses on post-employment defined benefits comprising gains/ losses is reflected immediately in the balance sheet with a charge or credit to other comprehensive income in the period in which it arises.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.



(a) 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. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

(b) 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 contributes monthly at a determined rate (currently up to 12% of an employee's salary). These contributions are either made to the respective Regional Provident Fund Commissioner, or the Central Provident Fund under the State Pension Scheme, and are recognized as expenses incurred.

(c) 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.

### **1.11 Borrowing Cost**

Borrowing costs net of any investment income from the temporary investment of related borrowings that are attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

### **1.12 Leases**

(a) Finance Leases

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

(b) Operating Leases

Operating Leases range from 11 months to 36 months and are usually cancellable / renewable by mutual consent on agreed terms. Further Lease payments under an operating lease are recognized as an expense in the Statement of Profit and Loss.

### **1.13 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”.

### **1.14 Earnings Per Share**

The Company presents basic and diluted earnings per share (“EPS”) data for its equity shares. The basic 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 to be converted as of the beginning of the year, unless they have been issued at a later date.

### **1.15 Taxes on Income**

#### **(a) Current Tax**

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961 as at the balance sheet date and any adjustments to taxes in respect of the previous years, penalties if any related to income tax are included in the current tax expense.

#### **(b) Minimum Alternate Tax**

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.

#### **(c) Deferred Tax**

Deferred Tax is the tax expected to be payable or recoverable on differences between the carrying amount of the assets and liabilities for financial reporting purpose and the corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

Current and deferred tax is recognized in profit or loss, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### **1.16 Impairment of Non-Financial Assets**

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

#### **Recoverable amount is determined:**

- In case of an individual asset, at the higher of the Assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.
- In assessing Value in Use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified with the asset. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through the Statement of Profit and Loss.

### **1.17 Financial Instruments**

Financial Assets and Financial Liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial Assets and Financial Liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets and Financial Liabilities (other than Financial Assets and Financial Liabilities at fair value through profit or loss) are added to or deducted from the fair value of the Financial Assets or Financial Liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **1.18 Financial Assets**

Financial Asset is any Asset that is -

- (a) Cash
- (b) Equity Instrument of another Entity,

- (c) Contractual right to -
  - i. receive Cash / another Financial Asset from another Entity, or
  - ii. exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially favourable to the Entity.
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - i. a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - ii. a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### **Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss.

### **Financial Liabilities**

Financial liabilities are recognized at fair value net of transaction costs and are subsequently held at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit and loss are measured at fair value with changes in fair value recognized in the profit and loss account. Interest bearing bank loans are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

### **De-recognition of Financial Instruments**

A Financial Asset is derecognized when the rights to receive cash flows from the asset have expired or the company has transferred substantially all the risks and rewards or the right to receive the cash flows under a contractual arrangement or has transferred the asset.

A Financial Liability is derecognized when the obligation under the liability is discharged or cancelled or expires. In the case where the existing liability is replaced by another liability either from the same lender or otherwise such an exchange is treated as de-recognition of the original liability and recognition of a new liability. Any change in the carrying amount of a liability is recognized in the Statement of Profit and Loss.

### **1.19 Provisions and Contingencies**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation in respect of which reliable estimate can be made as on the balance sheet date. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent Liabilities are present obligations arising from a past event, when it is not probable / probability is remote that an outflow of resources will be required to settle the obligation and they are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements except where it has become virtually certain that an inflow of economic benefit will arise, the asset and the related income are recognized in financial statements of the period in which the change occurs Provisions for Contingent Liabilities and Contingent Assets are reviewed at the end of Balance Sheet date.

### **1.20 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.

### **1.21 Exceptional items**

Items of income and expenditure within profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as Exceptional Items.

### **1.22 Commitments**

(a) Commitments are future liabilities for contractual expenditure.

(b) Commitments are classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Uncalled liability on shares and other investments partly paid;
- Funding related commitment to subsidiary, associate and joint venture companies and

- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- (c) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

### **1.23 Recent Indian Accounting Standards (Ind AS)**

#### **Ind AS 116:**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The amendment will come into force from 1st April, 2019. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 116 is expected to be insignificant..

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**2. Property, Plant and Equipment, Capital Work In Progress and Intangible Assets**

Particulars	Property, Plant and Equipment						Intangible Assets		Capital work In Progress(C)	
	Free hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Computers	Total (A)	Software		Total (B)
<b>I Gross Block</b>										
Balance at April 1, 2017	333.95	3,652.67	22,107.80	20.62	87.60	78.36	26,281.00	2.07	2.07	9.23
Additions	-	8.11	212.87	0.04	16.87	13.06	250.95	-	-	172.56
Deletions/Capitalised	-	-	-	-	-	-	-	-	-	9.23
Balance at March 31, 2018	333.95	3,660.78	22,320.67	20.66	104.47	91.42	26,531.95	2.07	2.07	172.56
Additions	-	1.68	287.63	-	0.72	0.74	290.77	-	-	7.78
Deletions/Capitalised	-	-	-	-	-	-	-	-	-	172.56
Balance at March 31, 2019	333.95	3,662.46	22,608.30	20.66	105.19	92.16	26,822.72	2.07	2.07	7.78
<b>II Depreciation and impairment</b>										
Balance at April 1, 2017	-	1,637.82	12,334.24	20.27	78.63	75.28	14,146.24	0.18	0.18	-
Eliminated on disposals	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	113.20	886.59	0.23	3.47	3.35	1,006.85	0.66	0.66	-
At March 31, 2018	-	1,751.02	13,220.83	20.50	82.10	78.63	15,153.09	0.84	0.84	-
Eliminated on disposals	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	113.41	897.80	0.02	3.60	0.96	1,015.79	0.10	0.10	-
At March 31, 2019	-	1,864.43	14,118.64	20.52	85.70	79.59	16,168.88	0.94	0.94	-
<b>III Net Block</b>										
At March 31, 2018	333.95	1,909.76	9,099.84	0.16	22.37	12.79	11,378.87	1.23	1.23	172.56
At March 31, 2019	333.95	1,798.03	8,489.66	0.14	19.49	12.57	10,653.84	1.13	1.13	7.78

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**Financial Assets** (₹ in lakhs)

**3 Other financial assets**

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured and considered good)		
a. Deposits with Govt. Depts and others	73.01	73.37
b. Margin Money Deposits against Bank Guarantees (having maturity more than 12 months from Balance Sheet date)	7.48	3.04
<b>Total</b>	<b>80.49</b>	<b>76.41</b>

**4 Other non current assets** (₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
a. Cane development incentive (Refer Note No. 4(a))	255.39	518.26
<b>Total</b>	<b>255.39</b>	<b>518.26</b>

4(a) The cane development incentive paid by the Company to encourage farmers to for plantation of sugar cane and supply to the Company without any disruption during the upcoming seasons. Such incentives are determined based on contractual terms agreed with the farmers against supplies.

**5 Inventories** (₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
a. Finished goods	10,563.57	7,868.66
b. Stock-in-trade	67.24	133.63
c. Stores and spares	526.19	494.12
d. By-Products	875.60	774.41
<b>Total</b>	<b>12,032.60</b>	<b>9,270.82</b>

(i) **Finished goods**

a. Sugar	10,379.84	6,672.14
b. Rectified spirits and ethanol	183.61	1,196.23
c. Carbondi-oxide (CO2)	0.12	0.29
<b>Total</b>	<b>10,563.57</b>	<b>7,868.66</b>

(ii) **By products**

a. Molasses	466.63	392.78
b. Molasses in distillery	118.30	157.42
c. Bagasse	216.02	183.21
d. Filter cake	69.44	30.00
e. Ash	5.21	11.00
<b>Total</b>	<b>875.60</b>	<b>774.41</b>

**Financial Assets**

**6 Trade Receivables** (₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured and considered good	2,776.69	903.01
<b>Total</b>	<b>2,776.69</b>	<b>903.01</b>



**7 Cash and cash equivalents** ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st April, 2018
a. Cash on hand	1.08	1.76
b. Cheques, drafts on hand	—	565.00
c. Balances with bank		
- In current accounts	212.80	418.04
<b>Total</b>	<b>213.88</b>	<b>984.80</b>

**8 Other Bank Balances** ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st April, 2018
In earmarked accounts :		
Margin Money Deposits against Bank Guarantees	136.77	4.24
<b>Total</b>	<b>136.77</b>	<b>4.24</b>

**9 Other current assets** ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st April, 2018
a. Advances to suppliers and other		
Considered good	317.12	825.46
Considered doubtful	—	41.47
less: Provision for doubtful advances	—	(41.47)
b. Loans and advances to employees	16.94	17.25
c. GST credit receivable	42.96	—
d. Deposits with Govt departments	8.68	12.22
e. Prepaid expenses	80.59	64.36
f. Security deposit	388.26	157.21
g. Cane development incentive (Refer Note No. 4(a))	262.87	262.87
h. Interest subvention on excise duty term loan	22.53	36.23
<b>Total</b>	<b>1,139.95</b>	<b>1,375.60</b>

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### 10 Share capital

( ₹ in lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(i) Authorised Share Capital Equity shares of ₹10/- each	65,000,000	6,500.00	65,000,000	6,500.00
	<b>65,000,000</b>	<b>6,500.00</b>	<b>65,000,000</b>	<b>6,500.00</b>
(ii) Issued Share Capital Equity shares of ₹10/- each	43,703,643	4,370.36	43,703,643	4,370.36
	<b>43,703,643</b>	<b>4,370.36</b>	<b>43,703,643</b>	<b>4,370.36</b>
(iii) Subscribed and fully paid up Equity shares of ₹10/- each	43,697,368	4,369.74	43,697,368	4,369.74
	<b>43,697,368</b>	<b>4,369.74</b>	<b>43,697,368</b>	<b>4,369.74</b>
(iv) Subscribed but not fully paid up Equity shares of ₹ 10/- each (₹ 5 Paid up)	6,275	0.31	6,275	0.31
	<b>6,275</b>	<b>0.31</b>	<b>6,275</b>	<b>0.31</b>
<b>Total</b>		<b>4,370.05</b>		<b>4,370.05</b>

Note: The Company also has Authorised Preference Share Capital of 4,11,47,023 shares of ₹ 10/- each, paidup preference share capital of 4,11,47,023 shares of ₹ 10/- each. 6% Cumulative Redeemable Preference Shares, have been reclassified as "Financial Liability" owing to the nature of instrument i.e. mandatory redemption, as per requirement of Indian Accounting Standards (Refer Note No. 12).

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>Equity shares</b>				
At the Beginning of period	43,703,643	4,370.05	43,703,643	4,370.05
Issued during the year	-	-	-	-
Balance at the end of the year	<b>43,703,643</b>	<b>4,370.05</b>	<b>43,703,643</b>	<b>4,370.05</b>

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

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

#### (iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of share holder	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity shares</b>				
Gayatri Fin-Holdings Private Limited	7,169,450	16.40%	7,169,450	16.40%
T.V. Sandeep Kumar Reddy	6,763,031	15.47%	6,763,031	15.47%
Mohan Project Contractors Private Limited	4,698,257	10.75%	7,522,789	17.21%
T. Indira Reddy	3,793,508	8.68%	3,793,508	8.68%
T. Subbarami Reddy	3,255,814	7.45%	3,255,814	7.45%
T.S.R.Holdings Private Limited	2,895,478	6.63%	2,895,478	6.63%

(iv) 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 29th April, 2011.

**(v) Details of calls unpaid on equity shares**

	As at 31st March, 2019	As at 31st April, 2018
- Number of shares	6,275	6,275
- Unpaid amount (₹)	31,375	31,375

**11 Other Equity**

(₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>a. Securities Premium Account</b>		
Opening balance	215.84	215.84
Add: Premium received on Shares issued	—	—
Closing balance	<b>215.84</b>	215.84
<b>b. Retained earnings</b>		
Opening balance	(11,433.68)	(12,729.18)
Add : Surplus / (Deficit) for the year	(1,946.66)	1,295.50
Add : Cumulative Finance Cost on Preference Shares (Refer Note No. 28.4)	(683.74)	-
Closing balance	<b>(14,064.08)</b>	(11,433.68)
<b>c. Other Comprehensive Income (OCI)</b>		
Opening balance	(154.79)	(75.40)
Add : Movement in OCI (Net) during the year	162.93	(79.39)
Closing balance	<b>8.14</b>	(154.79)
<b>Total (a+b+c)</b>	<b>(13,840.10)</b>	<b>(11,372.63)</b>

**Non-Current Liabilities**

( ₹ in lakhs)

**12 Borrowings**

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Non-Current	Current*	Non-Current	Current*
<b>Carried at amortised cost</b>				
<b>Secured</b>				
a. Non-Convertible Debentures 69,50,500 (March 31, 2018: 69,50,500; 4% non-convertible, redemable debentures of ₹10 each.	695.05	—	695.05	—
b. Term Loans from Banks	883.80	923.88	1,373.18	1,885.03
from Sugar Development Fund (SDF)	—	1,991.60	—	1,991.00
c. Vehicle loan	0.37	4.80	5.55	3.74
<b>Unsecured</b>				
a. Cumulative redeemable preference shares (Refer note: 28.4)	4,114.70	—	4,114.70	—
b. Cumulative liability on preference Shares #	930.62	—	—	—
c. Loans from others	1,694.85	—	2,259.85	—
<b>Total</b>	<b>8,319.39</b>	<b>2,920.28</b>	<b>8,448.33</b>	<b>3,880.37</b>

\* Current maturities are included in note 17 - Other Financial Liabilities (Current)

# During the current year, cumulative finance cost i.e. interest on 6% Cumulative Redeemable Preference Shares (financial liability) has been recognized by the company.

**12.1 Non Convertible Debentures**

4% Secured Unlisted Non - Convertible Debentures are secured by Pari passu charge on Fixed assets both (movable and immovable) of both units, i.e. Unit I situated at Adloor Yellareddy Village, Sadashivnagar Mandal, Kamareddy District of Telangana State and Unit II Maggi village, Kamareddy District of Telangana State of the Company along with other term loan consortium member banks and NCD holders. The Interest rate is 4% p.a.

**12.2 Term Loans (Excise Duty Term Loan, Soft Loan and Corporate Loan)**

**A Primary Security** First pari-passu charge on all chargeable current assets of the company.

**B Collateral Security**

**1 EDTL Term Loan**

- Pari Passu First Charge on the Company's Building, Plant and Machinery of distillery unit at Kamareddy along with Trustee of NCD holders i.e., SBI Cap Trustee Ltd.
- Pari Passu First Charge on the Company's Present and Future Immovable Properties and Fixed Assets of Sugar unit situated near Kamareddy along with Trustee of NCD holders i.e., SBI Cap Trustee Ltd.
- Pari Passu First Charge on the Company's Present and Future Immovable Properties and Fixed Assets of Sugar unit situated near Nizamsagar, along with Sugar Development Fund and Trustee of NCD holders i.e., SBI Cap Trustee Ltd.
- Mortgage of Company's agricultural land admeasuring Ac.0.10 Gts situated at Sy No.98/A, Tekriyal Village, Kamareddy District, Telangana, owned by the company (on pari-passu basis with other TL lenders).
- Mortgage of Company's agricultural land admeasuring Ac.3.00 Gts situated at Sy No.161/A, Tekriyal Village, Kamareddy District, Telangana, owned by the company (on pari-passu basis with other TL lenders).
- First pari-passu charge on Pledge on 79 lacs of shares of M/s Gayatri Sugars Ltd belonging to Smt. T. Indira Reddy and Sri T. V. Sandeep Kumar Reddy.

**2 Corporate Term Loan and Soft Loan**

- Pari Passu First Charge on the Company's Present and Future Immovable Properties and Fixed Assets of Sugar unit and Distillery unit at Kamareddy along with Trustee of NCD holders i.e., SBI Cap Trustee Ltd.
- Pari Passu First Charge on the Company's Present and Future Immovable Properties and Fixed Assets of Sugar unit at Nizamsagar along with Sugar Development Fund and Trustee of NCD holders i.e., SBI Cap Trustee Ltd.

**Non-Current Liabilities**

- c. First pari-passu charge on Pledge on 79 lacs of shares of M/s Gayatri Sugars Ltd belonging to Smt. T. Indira Reddy and Sri T. V. Sandeep Kumar Reddy.

**C Rate of interest**

The rate of Interest varies between 12.3% to 16.65%

**12.3 Sugar Development Fund Term Loan**

The Sugar Development Fund Term Loan is secured by Pari passu first charge on the Company's fixed assets of Nizamsagar Unit along with Working Capital and Term Loan lenders and Trustee of NCD holders i.e., SBI Cap Trustee Ltd. and rate of Interest is 4%.

**12.3 Vehicle Loan**

The Vehicle Loan is secured by hypothecation of the vehicle and the rate of interest is 9.2%

Borrowings (contd.)

**12.4 Terms of preference shares:**

- (a) The Company has only one class of 6% Cumulative redeemable preference shares having a par value of ₹ 10 per share. Each holder of preference shares is entitled to one vote per share.
- (b) 25,000,000 preference shares are due for redemption on or before 30th September, 2023.
- (c) 95,36,813 preference shares are due for redemption on or before 1st April, 2029 with an early redemption right to the Company by giving 30 days notice.
- (d) 66,10,210 preference shares are due for redemption on or before 1st April, 2025 with an early redemption right to the Company by giving 30 days notice.

**12.5 Unsecured Loan - From Others**

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 31st March, 2023 and rate of interest is 9.5%.

**12.6 Maturity Profile of long term borrowings is set out below:**

As at 31st March, 2019

(₹ in lakhs)

Particulars	Due	Less than 1 year	1-5 Years	Total
<b>a) Secured Loans</b>				
Non-Convertible Debentures	-	-	695.05	695.05
Term Loans	131.61	792.27	883.80	1,807.68
SDF Loan	1,991.60	-	-	1,991.60
Vehicle Loan	-	4.80	0.37	5.17
<b>Total</b>	<b>2,123.21</b>	<b>797.07</b>	<b>1,579.22</b>	<b>4,499.50</b>

Particulars	Less than 1 year	1-5 Years	Above 5 Years	Total
<b>b). Un-Secured Loans</b>				
Cumulative redeemable preference shares	-	2,500.00	1,614.70	4,114.70
Cumulative liability on preference shares	-	657.53	273.09	930.62
Loans from Others	-	1,694.85	-	1,694.85
<b>Total</b>	<b>-</b>	<b>4,852.38</b>	<b>1,887.79</b>	<b>6,740.17</b>

**Non-Current Liabilities**

**12.7 The Company has defaulted in repayment of loans and interest in respect of the following:**

S.no.	Term Loans	As at 31st March, 2019		As at 31st March, 2018	
		Period of Defaults (in days)	₹ in Lakhs	Period of Defaults (in days)	₹ in Lakhs
<b>Principal</b>					
1	Andhra Bank – Excise duty term loan	17 to 80	17.58	2 to 61	52.75
2	Andhra Bank – Soft Loan	4 to 59	24.27	2 to 61	36.40
3	Andhra Bank – Corporate Loan	0 to 58	26.40	2 to 61	39.60
4	Union Bank of India - Excise duty term loan	3 to 76	-	2 to 61	32.33
5	Union Bank of India – Soft Loan	2 to 60	-	2 to 61	22.35
6	Bank of Baroda - Excise duty term loan	7 to 62	9.67	2 to 61	29.00
7	Bank of Baroda – Soft loan	2 to 60	6.67	2 to 61	20.00
8	Bank of Baroda – Corporate Loan	2 to 60	7.25	1 to 60	21.75
9	Punjab National Bank - Excise duty term loan	6 to 45	4.99	1 to 60	7.49
10	Punjab National Bank – Soft Loan	4 to 32	3.43	1 to 60	5.15
11	Punjab National Bank - Corporate loan	0 to 44	3.73	1 to 60	5.60
12	State Bank of India – Excise duty term loan	21 to 82	16.12	-	-
13	State Bank of India – Soft loan	0 to 63	11.13	-	-
14	State Bank of India – Corporate Loan	8 to 44	12.10	-	-
15	Sugar Development Fund Term Loan	191 to 1959	1,991.60	134 to 1595	1,792.44
<b>Interest</b>					
1	Andhra Bank – Excise duty term loan	24 to 87	0.79	2 to 61	9.58
2	Andhra Bank – Soft Loan	24 to 87	8.49	2 to 61	18.61
3	Andhra Bank – Corporate Loan	24 to 87	7.14	2 to 61	17.12
4	Union Bank of India - Excise duty term loan	0 to 87	-	2 to 61	6.45
5	Union Bank of India – Soft Loan	0 to 87	-	2 to 61	11.07
6	Bank of Baroda - Excise duty term loan	10 to 87	0.67	2 to 61	6.37
7	Bank of Baroda – Soft loan	10 to 88	3.04	2 to 61	10.50
8	Bank of Baroda – Corporate Loan	10 to 88	3.31	2 to 61	6.87
9	Punjab National Bank - Excise duty term loan	3 to 60	0.37	-	-
10	Punjab National Bank – Soft Loan	3 to 60	1.14	1 to 60	2.25
11	Punjab National Bank - Corporate loan	3 to 60	0.73	1 to 60	2.01
12	State Bank of India – FCNRDTL	-	-	1	7.42
13	State Bank of India – FCNRTL	-	-	1	3.73
14	State Bank of India – Excise duty term loan	24 to 80	0.65	-	-
15	State Bank of India – Soft loan	24 to 80	4.92	-	-
16	State Bank of India – Corporate Loan	24 to 89	2.35	-	-
17	Sugar Development Fund Term Loan	191 to 1959	1,520.07	134 to 1595	1,232.03

**13 Other financial liabilities - Non-Current**

(₹ in lakhs)

Particulars	As at	As at
	31 March, 2019	31 March, 2018
a. Crop Loan	—	233.80
b. Interest on crop loan	—	1.14
c. Interest accrued but not due on non-convertible debentures	<b>56.98</b>	29.17
<b>Total</b>	<b>56.98</b>	<b>264.11</b>

**14 Provisions - Non-current**

( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Employee benefits (Refer note no. 28.9)	305.51	430.70
<b>Total</b>	<b>305.51</b>	<b>430.70</b>

**Current Liabilities**

**15 Borrowings - Current**

( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
a. Loan repayable on demand from banks	6,822.58	6,902.81
b. Unsecured		
Repayable on demand From Related Party	67.00	—
<b>Total</b>	<b>6,889.58</b>	<b>6,902.81</b>

**Notes:**

**Loans repayable on demand from banks:**

State Bank of India	1,162.48	63.37
State Bank of India - FCNR (B)	—	1,122.69
Bank of Baroda	1,359.96	1,367.46
Andhra Bank	2,448.12	2,479.39
Punjab National Bank	354.78	351.29
Union Bank of India	1,497.23	1,518.61
<b>Total</b>	<b>6,822.58</b>	<b>6,902.81</b>

A. Details of security for the Loan payable on Demand from Banks:

(i) **Primary Security:** First pari-passu charge on all chargeable current assets of the Company (viz.) sugar, molasses, bagasse, stores and spares, ethanol, rectified spirit and receivables.

(ii) **Collateral Security:**

a) 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 Sugar Development Fund and non-convertible debenture holders.

(b) First pari-passu charge on pledge of 79 lakh shares of Gayatri Sugars Limited belonging to Smt. T. Indira Reddy and Sri T.V. Sandeep Kumar Reddy, on pari-passu basis with other members of the consortium lenders.

(c) Personal guarantee of Shri T.V. Sandeep Kumar Reddy, Smt. T Indira Reddy and Smt. T. Sarita Reddy; Directors of the Company.

(iii) Interest rate varies from 13.40% to 16.65%

B Loan from Related Party is interest free, unsecured and payable on demand.

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### 16 Trade payables ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade payables*	12,064.67	4,280.24
<b>Total</b>	<b>12,064.67</b>	<b>4,280.24</b>

\*There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors.

### 17 Other financial liabilities - current ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
a. Current maturities of long-term debt	928.68	1,888.77
b. SDF loan due	1,991.60	1,991.60
c. Crop loan	3,412.39	4,511.54
d. Interest accrued but not due on Term Loans	0.45	0.73
e. Interest accrued and due on borrowings	1,773.28	1,403.38
f. Interest accrued and due on crop loan	261.14	381.30
<b>Total</b>	<b>8,367.54</b>	<b>10,177.33</b>

### 18 Other current liabilities ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
a. Statutory payables	122.05	232.70
b. Advances from customers	142.36	359.95
c. Payables against purchase of fixed assets	—	2.68
d. Other payables	393.77	492.39
<b>Total</b>	<b>658.19</b>	<b>1,087.72</b>

### 19 Provisions - Current ( ₹ in lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
a. Employee benefits	98.68	89.11
b. Provision for tax on preference dividend**	8.03	8.03
<b>Total</b>	<b>106.71</b>	<b>97.14</b>

\*\*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 31st March, 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**

**20 Revenue from operations**

( ₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Sale of products (Refer Note (i) below)	<b>31,085.26</b>	25,105.41
b. Other operating revenues (Refer Note (ii) below)	<b>82.67</b>	32.69
<b>Total</b>	<b>31,167.93</b>	<b>25,138.10</b>

**Notes:**

**(i) Sale of products comprises**

**Manufactured goods**

Sugar	24,627.41	20,969.05
Rectified spirit	164.65	333.89
Impured spirit	29.62	—
Ethanol	4,684.31	2,502.26
Power	1,194.49	1,010.69
Carbondi-oxide- CO2	23.44	12.43
Bagasse	45.76	—

**Traded goods**

Fertilizers	311.35	274.70
Acetone	0.29	0.69
Benzene	0.92	0.86
Methanol	3.02	0.84

<b>Total</b>	<b>31,085.26</b>	<b>25,105.41</b>
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**(ii) Other operating revenues comprise:**

Sale of scrap	<b>21.39</b>	<b>5.88</b>
Sale of ash	<b>24.07</b>	<b>6.35</b>
Sale of filter cake	<b>37.21</b>	<b>20.46</b>
<b>Total</b>	<b>82.67</b>	<b>32.69</b>

**21 Other income**

( ₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Interest income		
On fixed deposits with banks	<b>3.98</b>	<b>0.44</b>
On electricity deposits	<b>0.35</b>	0.31
b. Insurance claims	<b>0.62</b>	—
c. Harvesting machine receipts	<b>25.23</b>	17.45
d. Miscellaneous	—	0.98
<b>Total</b>	<b>30.18</b>	19.18

**22 Cost of materials consumed**

( ₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Sugar cane	<b>26,180.98</b>	20,505.38
b. Molasses	<b>100.36</b>	158.08
c. Others	<b>95.50</b>	80.08
<b>Total</b>	<b>26,376.84</b>	<b>20,743.54</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**23 Purchases of Stock-in-Trade (₹ in lakhs)**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Fertilizers	245.06	408.33
<b>Total</b>	<b>245.06</b>	<b>408.33</b>

**24 Changes in inventories of finished goods, work-in-process and Stock in Trade (₹ in lakhs)**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Opening stock		
Finished goods (including by products)	8,643.07	3,615.90
Fertilizers	133.63	—
b. Closing Stock		
Finished goods (including by products)	11,439.17	8,643.07
Fertilizers	67.24	133.63
<b>(Increase) / Decrease in stock</b>	<b>(2,729.71)</b>	<b>(5,160.80)</b>

**25 Employee benefits expense (₹ in lakhs)**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Salaries and wages	1,619.28	1,459.96
b. Contributions to provident and other funds	100.55	93.27
c. Gratuity	58.52	61.14
d. Staff welfare expenses	35.52	48.80
<b>Total</b>	<b>1,813.87</b>	<b>1,663.17</b>

**26 Finance costs (₹ in lakhs)**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Interest expense on:</b>		
a. Term Loan	379.63	419.72
b. Cash Credit	965.14	833.72
c. Sugar Development Fund	288.04	240.61
d. Un-secured loan	161.01	163.52
e. Non - convertible debentures	27.80	27.80
f. Others:		
Crop loans	234.67	292.25
g. Finance cost on Preference Shares	246.88	—
h. Other borrowing costs	47.97	30.19
<b>Total</b>	<b>2,351.14</b>	<b>2,007.81</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**27 Other expenses**

(₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a. Consumption of stores and spare parts	<b>1,693.38</b>	1,263.36
b. Transportation charges	<b>1,202.73</b>	1,077.64
c. Distillery expenses	<b>38.01</b>	23.58
d. Handling charges	<b>138.59</b>	100.46
e. Power and fuel	<b>154.06</b>	117.71
f. Rent	<b>19.14</b>	18.10
g. Repairs and maintenance	<b>421.89</b>	272.75
h. Insurance	<b>34.19</b>	31.10
i. Rates and taxes	<b>58.81</b>	70.76
j. Communication	<b>13.39</b>	16.79
k. Travelling and conveyance	<b>19.23</b>	18.99
l. Printing and stationery	<b>5.18</b>	5.40
m. Sales commission	<b>35.48</b>	0.94
n. Legal and professional	<b>19.29</b>	21.41
o. Payments to auditors (Refer note: 28.13)	<b>6.00</b>	6.00
p. Miscellaneous expenses	<b>212.30</b>	97.79
<b>Total</b>	<b>4,071.67</b>	<b>3,142.77</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**28** Other notes forming part of the financial statements

**28.1** Disclosure under Indian Accounting Standard - 17 "Leases", issued by the Institute of Chartered Accountants of India

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on a straight-line basis. The Company has taken various office premises under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Statement of Profit and Loss under Rent, Rates and Taxes.

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

**28.2 Contingent liabilities and commitments**

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) Contingent liability		
(a) Excise Duty	80.28	138.82
(b) Bonus payable for 2014-15	38.48	38.48
(c) Dividend on 6% cumulative redeemable preference shares (Refer Note No. 28.4)	-	683.74
(d) Electricity duty on captive consumption	283.99	283.99
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances: ₹ Nil lakhs (As at 31 March, 2018: ₹ Nil lakhs))	Nil	Nil
(b) Other commitments - for cane purchase agreements for the upcoming crushing season.	16,000.00	24,000.00

**28.3 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, 2019 (As at 31 March, 2018 : ₹ Nil)

**28.4** The Company has only one class of 6% Cumulative redeemable preference shares having a par value of ₹10 per share. Each holder of preference shares is entitled to one vote per share. Preference Shares, have been classified as "Financial Liability" owing to the nature of instrument i.e. mandatory redemption, as per requirement of Indian Accounting Standards. Further during the year the company has made provision of the finance cost amounting to ₹246.88 Lakhs. The cumulative finance cost amounting to ₹ 683.74 Lakhs relating to previous years has been reduced from the reserves of the Company.

## 28.5 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company's capital management is intended to maximise the return to shareholders for meeting the long-term and short-term goals of the Company through the optimization of the debt and equity balance. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with other entities in the industry, the Company monitors its capital using the gearing ratio which is net debt divided by total equity.

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>A Debt</b>		
(i) Non-Current Borrowings	<b>8,319.39</b>	8,448.33
(ii) Current Maturities/ Dues of Non-Current Borrowings	<b>2,920.28</b>	3,880.37
(iii) Current / Short term Borrowings	<b>6,889.58</b>	6,902.81
(iv) Accrued interest	<b>2,034.87</b>	1,785.42
(v) Crop loan	<b>3,412.39</b>	4,511.54
(vi) Less: Cash and Cash Equivalents	<b>(213.88)</b>	(984.80)
<b>Net Debt (A)</b>	<b>23,362.62</b>	<b>24,543.68</b>
<b>B Equity</b>		
(i) Equity Share Capital	<b>4,370.05</b>	4,370.05
(ii) Other Equity	<b>(13,840.10)</b>	(11,372.63)
<b>Total Equity (B)</b>	<b>(9,470.05)</b>	<b>(7,002.58)</b>
<b>Net Debt to Equity ratio (Gearing Ratio) (A/B)</b>	<b>(2.47)</b>	<b>(3.50)</b>

## 28.6 Financial Instruments

### 28.6 A. Categories of financial instruments

Particulars	As at 31st March, 2019	As at 31st March, 2018
a. Financial Assets		
Measured at Amortised cost		
Other Financial Assets	<b>80.49</b>	76.41
Cash and Cash Equivalents	<b>213.88</b>	984.80
Other Bank Balances	<b>136.77</b>	4.24
b. Financial Liabilities		
Measured at Amortised cost		
Borrowings	<b>23,576.50</b>	25,528.47

### B. Fair value hierarchy

Level 1, inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or Liability.

**28.6 Financial Instruments (contd...)**

**Certain Financial Assets and Financial Liabilities that are not measured at Fair Value but Fair value disclosures are required:**

(₹ in lakhs)

Particulars	As at 31st March, 2019 (Carrying Value & Fair Value (Level 2))	As at 31st March, 2019 (Carrying Value & Fair Value (Level 2))
<b>Fair Value Hierarchy</b>		
Financial Assets:		
Other Financial Assets	80.49	76.41
Trade Receivables	2,776.69	903.01
Cash and Cash Equivalents	213.88	984.80
Other Bank Balances	136.77	4.24
Financial Liabilities		
Borrowings	15,208.97	15,351.14
Other Financial Liabilities - Non Current	8,424.52	10,441.44
Trade payables	12,064.67	4,280.24

**Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks like market risk, credit risk and liquidity risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**(i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk, includes loans and borrowings.

**a. Interest rate risk**

The company's exposure to the risk of changes in market interest rate relates to the floating rate debt obligations.

**Interest rate exposure**

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Borrowings</b>		
Non-Current - Floating*	1,807.68	3,258.21
Non-Current - Fixed*	9,431.99	9,070.50
Current	6,889.58	6,902.81

\*(Includes Current Maturities)

**b. Foreign Currency Risk**

Foreign Currency Risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

**c. Equity Price Risks:**

Since the Company has not invested in equity investments, the changes of equity securities price would not have a effect on the profit or loss of the Company.

**28.6 Financial Instruments (contd...)****(ii) Commodity Price Risk**

Commodity price risk arises due to fluctuation in prices of Sugar Cane, other raw material and products. Cost of Sugar cane is depend on Government policy on fixation of Fair and Remunerative Price (FRP) which is the major cost of production. The company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs. The company's commodity risk is managed centrally through well-established trading policies and control processes

**(iii) Credit Risk Management**

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities.

The maximum exposure of the assets is contributed by trade receivables, cash and cash equivalents and other bank balances. Credit risk on trade receivables is limited as the customers of the Company mainly consist of the amount to be received from state government entities with respective sale of sugar and power. The company takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers.

**(iv) Liquidity Risk:**

Liquidity Risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's management and finance department is responsible for liquidity, funding as well as its obligation for timely repayment. In addition, procedures and policies related to such risks are overseen by the senior management. The Company has been incurring losses over the past few years and as at 31st March, 2019, the accumulated losses have completely eroded the net worth and its current liabilities exceeded the current assets as on that date. During the current year ended 31st March, 2019, the Company has incurred a loss of ₹ 1,946.66 Lakhs. The management is confident that in the foreseeable future the financial position of the company will improve.

**Twenty Fourth Annual Report****28.6 Financial Instruments (contd...)**

The following are the details regarding contractual maturities of Significant Financial Liabilities:

**a) As at 31st March, 2019**

<b>Particulars</b>	<b>On demand/due</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings	9,012.79	797.07	6,431.60	1,887.79	18,129.25
Trade payables	12,064.67	—	—	—	12,064.67
Interest Accrued	1,773.28	0.45	—	—	1,773.73
Other financial Liabilities	—	3,673.53	56.98	—	3,730.50
<b>Total</b>	<b>22,850.74</b>	<b>4,471.05</b>	<b>6,488.58</b>	<b>1,887.79</b>	<b>35,698.15</b>

**b) As at 31st March, 2018**

<b>Particulars</b>	<b>On demand/due</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings	9,166.83	1,616.35	6,560.54	1,887.79	19,231.51
Trade payables	4,280.24	—	—	—	4,280.24
Interest Accrued	1,403.38	—	—	—	1,403.38
Other financial Liabilities	—	4,893.58	264.11	—	5,157.69
<b>Total</b>	<b>14,850.45</b>	<b>6,509.93</b>	<b>6,824.65</b>	<b>1,887.79</b>	<b>30,072.82</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28.7 Related party disclosures**

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

<b>Description of relationship</b>	<b>Names of related parties</b>
Key Management Personnel (KMP)	Smt. T. Indira Reddy - Chairperson Shri. T.V Sandeep Kumar Reddy - Vice Chairman Smt. T. Sarita Reddy - Managing Director Shri. V. R. Prasad - Chief Financial Officer Shri. Chetan Kumar Sharma - Company Secretary
Relatives of KMP	Shri. T.Subbarami Reddy Shri. T.Rajiv Reddy Shri. T.Anirudh Reddy
Enterprises in which KMP / Relatives of KMP are interested	Gayatri Projects Limited TSR Holdings Private Limited Deep Corporation Private Limited Gayatri Fin-Holdings Private Limited Gayatri Hi-tech Hotels Limited Gayatri Energy Ventures Private Limited Bhandara Thermal Power Corporation Limited Yamine Power Projects Limited Gayatri Capital Ltd Gayatri Leasefin Private Ltd T.Gayatri Engg.Co.Private Ltd T. Rajeev Reddy Real Estates Developers Private Ltd Invento Labs Private Limited Maheswari Hotels &Theatres Private Limited Maheswari Film Productions Private Limited Indira Publications Private Limited Parameswari Land Holdings Private Limited Gayatri Property Ventures Private Limited Maheswari Townships Private Limited Indira Constructions Private Limited Gayatri Hotel Ventures Private Limited Gayatri Hotels & Theatres Private Limited Gayatri Tissue & Papers Limited Gayatri Highways Limited (formerly Gayatri Domicile Limited) Gayatri Bio Organics Limited Deep Land Holdings Private Limited Gayatri Hotels (Vizag) Private Limited Flynt Electric Private 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**

**28.8 Transactions with the related parties**

₹ in lakhs

S.no.	Particulars	Relation/ Desigation	Nature of Transaction	2018-19	2017-18
<b>Transactions with the related parties</b>					
1	Smt. T. Sarita Reddy	Managing Director	Remuneration and reimbursement	48.00	45.97
2	Shri. V.R.Prasad	Chief Financial Officer	Remuneration	20.33	19.73
3	Shri. Chetan Kumar Sharma	Company Secretary	Remuneration	4.35	3.26
4	Smt. T. Indira Reddy	Chairperson	Sitting Fees	0.20	0.20
5	Shri. T.V Sandeep Kumar Reddy	Vice Chairman	Sitting Fees	0.20	0.20
6	Deep Corporation Private Limited	Enterprises in which KMP / Relatives of KMP are interested	Rent and Electricity charges	17.00	14.85
7	Gayatri Projects Limited	Enterprises in which KMP / Relatives of KMP are interested	Unsecured interest free loan received	67.00	—
8	TSR Foundation	Trust under Common Management	Contribution towards donation	6.00	6.00
<b>Related Party Balances</b>					
1	Deep Corporation Private Limited	Enterprises in which KMP / Relatives of KMP are interested	Trade Payables	0.27	1.86
2	Gayatri Projects Limited	Enterprises in which KMP / Relatives of KMP are interested	Short Term Borrowings	67.00	—

Notes forming part of the Financial Statements

Disclosures pursuant to Indian Accounting Standards (Ind AS) - 19 "Employee's Benefits":

**28.9 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 ₹100.55 lakhs (31st March, 2018: ₹93.27 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

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

	₹ in lakhs			
	For the Year ended			
	31st March, 2019		31st March, 2018	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present Value of obligations at the beginning of the year	440.88	78.93	348.07	55.11
Current service cost	22.92	13.45	36.24	9.95
Interest cost	34.98	5.04	24.90	3.58
Actuarial losses				
Remeasurements - Due to Financial Assumptions	6.37	1.65	(20.77)	-
Remeasurements - Due to Experience Adjustments	(214.09)	43.15	69.26	30.90
Benefits paid	(7.25)	(21.83)	(16.82)	(20.61)
<b>Present Value of obligations at the end of the year</b>	<b>283.81</b>	<b>120.38</b>	<b>440.88</b>	<b>78.93</b>
<b>Components of defined benefit cost recognised in profit or loss</b>				
Current service cost	22.92	13.45	36.24	9.95
Interest cost	34.98	5.04	24.90	3.58
<b>Net cost in profit or loss</b>	<b>57.90</b>	<b>18.49</b>	<b>61.14</b>	<b>13.53</b>
<b>Components of defined benefit cost recognised in Other Comprehensive income</b>				
Re-measurement on the net defined benefit liability:				
Actuarial gains and losses arising from change in financial assumption	6.37	1.65	(20.77)	—
Actuarial gains and losses arising from experience adjustment	(214.09)	43.15	69.26	30.90
<b>Net Cost in Other Comprehensive Income</b>	<b>(207.72)</b>	<b>44.80</b>	<b>48.49</b>	<b>30.90</b>
<b>Actuarial assumptions</b>				
Discount rate	7.63%	7.60%	8.00%	8.00%
Salary escalation	6.00%	6.00%	6.00%	6.00%
Attrition	5.00%	5.00%	5.00%	5.00%
Normal Retirement Age	58 years	58 years	58 years	58 years
Mortality Rate as % of	IALM (2006-08)Ultimate Mortality table			

- (c) The entire present value of funded obligation at the year-end is unfunded and hence, fair value of assets is not furnished.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 28.10 SEGMENT REPORTING

The Company's reportable segments under Ind AS 108 on "Operating Segments" are Sugar and Distillery, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the following segments tabulated below.

₹ in lakhs

Particulars	For the year ended 31 March, 2019				For the year ended 31 March, 2018			
	Operating Segments			Total	Operating Segments			Total
	Sugar	Distillery	Eliminations		Sugar	Distillery	Eliminations	
Revenue	26,261.69	4,906.24	-	31,167.93	2,848.58	-	25,138.10	
Inter-segment revenue	1,715.77	-	1,715.77	-	942.96	942.96	-	
<b>Total</b>	<b>27,977.46</b>	<b>4,906.24</b>	<b>1,715.77</b>	<b>31,167.93</b>	<b>2,848.58</b>	<b>942.96</b>	<b>25,138.10</b>	
Segment result	(598.71)	973.01	1,715.77	374.30	1,154.60	-	3,284.13	
Finance cost @	2,351.14	-	-	2,351.14	-	-	2,007.81	
<b>Operating income</b>	<b>(2,949.86)</b>	<b>973.01</b>	<b>1,715.77</b>	<b>(1,976.84)</b>	<b>1,154.60</b>	-	<b>1,276.32</b>	
Other unallocable income (net)	-	-	-	30.18	-	-	19.18	
<b>Profit/(Loss) before taxes</b>	-	-	-	<b>(1,946.66)</b>	-	-	<b>1,295.50</b>	
Tax expense	-	-	-	-	-	-	-	
<b>Profit/ (Loss) for the year</b>	-	-	-	<b>(1,946.66)</b>	-	-	<b>1,295.50</b>	
Segment assets	24,432.84	2,857.01	-	27,289.84	3,877.16	-	24,673.59	
Unallocable assets	-	-	-	8.68	-	-	12.22	
<b>Total assets</b>	<b>24,432.84</b>	<b>2,857.01</b>	-	<b>27,298.52</b>	<b>3,877.16</b>	-	<b>24,685.81</b>	
Segment liabilities	36,651.91	108.64	-	36,760.54	104.67	-	31,680.35	
Unallocable liabilities	-	-	-	8.03	-	-	8.03	
<b>Total liabilities</b>	<b>36,651.91</b>	<b>108.64</b>	-	<b>36,768.57</b>	<b>104.67</b>	-	<b>31,688.38</b>	
Net Assets	(12,219.07)	2,748.36	-	(9,470.05)	3,772.49	-	(7,002.58)	

\* Includes sale of power ₹ 1,194.49 lakhs (31 March, 2017: ₹ 1,010.69 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.

@ Finance costs adjusted to Sugar results.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**28.11 Earnings per share**

(₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>A. Earnings per share (Basic)</b>		
Net Profit for the year	(1,946.66)	1,295.50
Less: Preference dividend and tax thereon	—	297.15
Net Profit for the year attributable to the equity shareholders	(1,946.66)	998.35
Weighted average number of equity shares	437.01	437.01
Par value per share (₹)	10.00	10.00
<b>Earnings per share - Basic (₹)</b>	<b>(4.45)</b>	<b>2.28</b>
<b>B. Earnings per share (Diluted)</b>		
Net Profit for the year attributable to the equity shareholders	(1,946.66)	998.35
Add: Interest expense on convertible unsecured loan for the year	—	163.52
Net Profit for the year attributable to the equity shareholders on dilution	(1,946.66)	1,161.87
Weighted average number of equity shares for Basic EPS	437.01	437.01
Add: Effect of convertible un-secured Loan which is dilutive	—	225.99
Weighted average number of equity shares - for Diluted EPS	437.01	662.99
Par value per share (₹)	10.00	10.00
<b>Earnings per share - Diluted (₹)</b>	<b>(4.45)</b>	<b>1.75</b>

**28.12 Details of Consumption of imported and indigenous items**

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Raw materials</b>		
Imported	—	—
Indigenous	26,376.84	20,743.54
	<b>26,376.84</b>	<b>20,743.54</b>
<b>% Consumption</b>		
Imported	—	—
Indigenous	100.00	100.00
	<b>100.00</b>	<b>100.00</b>
<b>Spares &amp; consumables</b>		
Imported	—	9.94
Indigenous	1,693.38	1,253.42
	<b>1,693.38</b>	<b>1,263.36</b>
<b>% Consumption</b>		
Imported	—	0.79
Indigenous	100.00	99.21

**28.13 Auditors remuneration**

(₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Audit fee	4.00	4.00
Limited Review	2.00	2.00
<b>Total</b>	<b>6.00</b>	<b>6.00</b>

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### 28.14 Deferred tax (Liabilities) / Asset

(₹ in lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Deferred tax liability in relation to</b>		
Property, plant and equipment	(1,865.29)	(1,951.83)
Tax effect of items constituting deferred tax liability	(1,865.29)	(1,951.83)
<b>Deferred tax Assets in relation to</b>		
Provision for compensated absences, gratuity and other employee benefits	124.89	160.62
Provision for doubtful advances	—	12.81
Unabsorbed depreciation carried forward	1,740.40	1,778.40
Tax effect of items constituting deferred tax assets	1,865.29	1,951.83
<b>Net deferred tax (liability) / asset</b>	<b>—</b>	<b>—</b>

Note: In absence reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets, the Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the tax base of assets as per books and as per Income Tax.

**28.15** 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.

**28.16** The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Telangana 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. In the year 2016-17, 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 management is of the view that as the case filed before BIFR stands abated and no demand notices were received thereafter for the payment, the Company has treated the estimated duty amount aggregating ₹284 lakhs as a Contingent Liability and no provision has been made in respect of the same. In the event of an unfavorable verdict/outcome 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 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.

**28.17** Over the last few years, the Company has been incurring losses and as at 31st March, 2019, the accumulated losses have completely eroded the net worth and its current liabilities exceeded the current assets as on that date. During the current year ended 31st March, 2019, the Company has incurred a loss of ₹ 1,946.66 Lakhs. In the opinion of the management though the company has performed well on all parameters, the loss incurred is on account of the Fair Remunerative Price of Cane and cost of production far exceeding the sale price of

sugar. The management is confident that in the foreseeable future the financial position of the company will improve. 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.

**28.18** Previous years figures have been regrouped / reclassified wherever considered necessary to correspond with the current year classification/ disclosures.

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As per our report attached

**For M O S & Associates LLP**  
Chartered Accountants

**Sd/  
Oommen Mani**  
Partner

Place : Hyderabad  
Date : 9th May, 2019

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

**Sd/-  
T. Sarita Reddy**  
Managing Director

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

**Sd/-  
T.V. Sandeep Kumar Reddy**  
Vice Chairman

**Sd/-  
Chetan Kumar Sharma**  
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, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082.

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on 26.09.2019 at 11:30 A.M. at FTCCI Surana Auditorium, The Federation of Telangana Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad- 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution	For	Against
<b>Ordinary Bssiness:</b>		
1. Consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon.		
2. Apooointment of Director in place of Mr. T.V. Sandeep Kumar Reddy (DIN: 00005573), who retires by rotation and being eligible, seek re-appointment.		
<b>Special Business:</b>		
3. Re-Appoint Mr. T.R. Rajagopalan (DIN: 00020643) as an Independent Director.		
4. Re-Appointment of Mr. J.N. Karamchetti (DIN: 00940963) as an Independent Director.		
5. Ratification of the remuneration of M/s. Narasimha Murthy & Co., Cost Auditors of the Company.		

Signed this..... day of..... 2019

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, 2<sup>nd</sup> Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.

**CIN:** L15421TG1995PLC020720

Website: www.gayatrisugars.com Email: cs.gsl@gayatri.co.in

### **ATTENDANCE SLIP** **24<sup>th</sup> Annual General Meeting**

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

Members Folio No/DP ID / Client ID :

Name of the Member :

No of shares held :

Signature :

Name of Proxyholder :

(in case of Proxies only)

Signature

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company held on Thursday, September 26, 2019 at 11:30 A.M. at FTCCI Surana Auditorium, the Federation of Telangana Chambers of Commerce and Industry, FAPCCI Marg, Federation House, 11-6-841, Red Hills, Hyderabad - 500004

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

.....  
\*Member/Proxy Signature

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

**ROUTE MAP TO THE AGM VENUE**

TSR Towers to FTCCI, 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.