



# **GAYATRI SUGARS LIMITED**

**TWENTY FIFTH ANNUAL REPORT  
2019-20**



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

Day : Wednesday

Date : 30<sup>th</sup> September, 2020

TIME : 12:00 Hrs. (IST)

Venue : Through Video Conferencing

# TWENTY FIFTH ANNUAL REPORT 2019-20

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

1. Mrs. T. Indira Reddy	Chairperson / Director	DIN: 00009906
2. Mr. T.V. Sandeep Kumar Reddy	Vice Chairman / Director	DIN: 00005573
3. Mrs. T. Sarita Reddy	Managing Director	DIN: 00017122
4. Mr. T.R. Rajagopalan	Independent Director	DIN: 00020643
5. Mr. P.V. Narayana Rao	Independent Director	DIN: 07378105
6. Mr. Raghuraj Suresh Bhalarao	Independent Director	DIN: 07652493

### CHIEF FINANCIAL OFFICER

Mr. V.R. Prasad

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Danveer Singh

### 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

CIN: 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  
Email Id : info@vccilindia.com

### FACTORIES

#### Kamareddy Unit

Adloor Yellareddy Village,  
Sadasivanagar Mandal,  
Kamareddy District,  
Telangana State - 503145

#### Nizamsagar Unit

Maagi Village,  
Nizamsagar Mandal,  
Kamareddy District,  
Telangana State - 503302

## NOTICE

NOTICE IS HEREBY GIVEN THAT The **25th (TWENTY FIFTH) ANNUAL GENERAL MEETING** of the Members of **GAYATRI SUGARS LIMITED** will be held on Wednesday, September 30, 2020 at 12:00 Hrs. (IST) through Video Conference (“VC”) or Other Audit Visual Means (OAVM) to transact the businesses mentioned below:

### **ORDINARY BUSINESS:**

#### **1. Adoption of Financial Statements for the Financial Year ended 31st March, 2020:**

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the reports of the Board of Directors and Auditors thereon.

#### **2. Re-appointment of Mrs. T. Indira Reddy as “Director”, liable to retire by rotation, who has offered herself for re-appointment:**

To appoint a Director in place of Mrs. T. Indira Reddy (DIN: 00009906), who retires by rotation and, being Eligible, offers herself for re-appointment.

The Shareholders are requested to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Section 152 (6) and other applicable provisions of the Companies Act, 2013, the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Mrs. T. Indira Reddy (DIN: 00009906) as a “Director”, who shall be liable to retire by rotation.”

### **SPECIAL BUSINESS:**

#### **3. Appointment of Mr. Venkata Narayana Rao Paluri (DIN: 07378105) as an “Independent Director” of the Company:**

To appoint Mr. Venkata Narayana Rao Paluri (DIN: 07378105) as an “Independent Director” of the Company for a period of 5 (five) years commencing from 11th February, 2020 upto 10th February, 2025, and to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and such other Rules framed under the Act, as may be applicable [including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force] and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time) (“the SEBI Listing Regulations”), Mr. Venkata Narayana Rao Paluri (DIN: 07378105), who was appointed by the Board of Directors as an “Additional Director” to hold office of “Non-Executive Independent Director” of the Company with effect from 11th February, 2020, in terms of Section 161(1) of the Act and who meets the criteria for Independence and eligibility as provided in Section 149(6) & (7) of the Act along with the Rules framed thereunder and Regulation 16(1)(b) of the SEBI 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 signifying his intention to propose him as a candidate

for the office of the Director , be and is hereby appointed as “Independent Director” of the Company not liable to retire by rotation, for a period of 5 (five) years from 11th February, 2020 upto 10th February, 2025.

**FURTHER RESOLVED THAT** any Director or the Company Secretary of the Company be and are hereby severally authorized to take all such steps, as may be necessary, proper or expedient, to give effect to this resolution and to do all such acts, deeds, matters and things as may be incidental thereto.”

**4. Ratification of Remuneration of M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad as the “Cost Auditors” of the Company for the Financial Year 2020- 21:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **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, M/S. Narasimha Murthy & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost records of Sugar, Power and Distillery divisions of the Company for the Financial Year 2020-21, 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.”

**5. Payment of Remuneration to Mrs. T. Sarita Reddy, Managing Director:**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Schedule V thereto and the Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) there of for the time being in force) and in furtherance of the special resolution passed in the 23rd Annual General Meeting held on September 19, 2018 and pursuant to the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company and subject to such approval as may be required, the approval of the members of the Company be and is hereby accorded for payment to Mrs. T. Sarita Reddy (DIN: 00017122), Managing Director, such remuneration, as approved in the said resolution (reproduced in the annexed Explanatory Statement), as minimum remuneration in case the Company has no profits or the profits of the Company are inadequate during period commencing from May 01, 2019 to April 30, 2022 or for such shorter period as may be prescribed under applicable laws.

**RESOLVED FURTHER THAT** all other existing terms and conditions of appointment Mrs. T. Sarita Reddy shall remain unchanged unless otherwise modified by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the remuneration paid to Mrs. T. Sarita Reddy, Managing Director for the period from May 01, 2019 to March 31, 2020 in terms of this resolution be and the same is hereby approved, confirmed and rectified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the aforesaid Resolution.”

**NOTES:**

1. In view of the outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs has, vide its Circular No. 14/2020 dated 08th April, 2020, Circular No.17/2020 dated 13th April, 2020 and Circular No. 20/2020 dated 05th May, 2020, (collectively referred to as “MCA Circulars”), permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the Members at a common venue.

In compliance with the provisions of the Companies Act, 2013 (“the Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the 25th (Twenty-Fifth) AGM of the Company is being held through VC / OAVM (**hereinafter referred to as “AGM” or “e-AGM”**) In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification Dated: April 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM. The Central Depository Services Limited (“CDSL”) will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the AGM through VC / OAVM is explained hereunder and is also available on the website of the Company at <http://www.gayatrisugars.com/>

2. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts relating to Special Businesses to be transacted at the AGM, as set out in this Notice, is annexed hereto.

Further, additional information pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings (“SS-2”) issued by the Institute of Company Secretaries of India (ICSI), in respect of Directors seeking appointment / re-appointment at this AGM as mentioned in **Item No. 2 and 3** of this AGM Notice is also annexed hereto.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with.

Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

4. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) is Venture Capital And Corporate Investments Private Limited (VCCIPL) having office at H. No. 12-10-167, Bharat Nagar, Hyderabad – 500018
5. Any request for inspection of the Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section 170 of the Act, Register of Contracts and Arrangements in which the Directors are interested, maintained under Section 189 of the Act and Certificate from Auditors of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, may please be sent to cs.gsl@gayatri.co.in atleast **five days** prior.
6. The Register of Members and Transfer Book of the Company will be closed from **Thursday, 24th September, 2020 to Wednesday, 30th September, 2020** (Both Days Inclusive).
7. **Attending e-AGM:** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by Central Depository Services (India) Limited. Members may access the same at [www.evotingindia.com](http://www.evotingindia.com) the shareholders'/ members' login by using the remote e-voting credentials which shall be provided as per the below **Note No. 15 and Kindly refer Note No. 16** below for detailed instruction for participating in e-AGM through Video Conferencing.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote and Participation of single member shall only be allowed at a time.  

The voting rights of Members shall be proportion to the equity shares held by them in the paid-up equity share capital of the Company on Wednesday, 23rd September, 2020 (Cut-Off Date) and due to non payment of dividend on preference shares for the last 2 years, the preference shareholders have acquired voting rights on all the resolutions placed before the Company as per section 47 of the Company Act, 2013. According their voting rights on all the resolutions placed before the AGM, shall be in proportion to their preference shares as on 23rd September, 2020 (Cut-Off Date).
9. All the documents in connection with the accompanying Notice and Explanatory Statement are available for inspection through electronic mode on the basis of request being sent on cs.gsl@gayatri.co.in.
10. Shareholders are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), bank details including change in bank account number, IFSC Code, MICR Code, name of bank and branch details, to their Depository Participant(s) (DPs) in case the shares are held by them in electronic form and to M/s. Venture Capital and Corporate Investments Private Limited, Registrar and Share Transfer Agent of the Company ("VCCIPL") in case the shares are held by them in physical form.
11. 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.
12. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by the Securities and Exchange Board of India (SEBI), the

Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2020, including Report of Board of Directors, Statutory Auditors' Report or other documents required to be attached therewith and the Notice of AGM are being sent through electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s) or M/s. Venture Capital and Corporate Investments Private Limited.

13. Members are requested to support "Green Initiative" by registering / updating their e-mail address (es) with the Depository Participant(s) (in case of Shares held in dematerialized form) or with VCC IPL (in case of Shares held in physical form). Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with the relevant Rules framed thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members holding shares in dematerialized form are requested to register (or update, in case of any change) their e-mail address with their Depository Participant(s), if not already registered / updated and Members holding shares in physical form are requested to register (or update, in case of any change) their e-mail address with VCC IPL on its website (at <https://www.vccipl.com/>), to enable the Company to send electronic communications.
14. Shareholders are requested to send in their queries at least a week in advance to the Company Secretary at [cs.gsl@gayatri.co.in](mailto:cs.gsl@gayatri.co.in) to facilitate clarifications during the AGM.

**15. INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM:**

**CDSL e-Voting System – For Remote e-voting and e-Voting during AGM**

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members

such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <http://www.gayatrisugars.com/>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at <https://www.bseindia.com/>. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
6. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on **Sunday, 27th September, 2020 (09:00 AM)** and **ends on Tuesday, 29th September, 2020 (05:00 PM)**. During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, **as on the cut-off date Wednesday, 23rd September, 2020** of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the time of VC/OAVM Meeting.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID .
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

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- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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 e-voting of any company, then your existing password is to be used.

<b>For Shareholders holding shares in Demat Form and Physical Form</b>	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in DD/MM/YYYY format) as recorded in your Demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "Gayatri Sugars Limited" on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to Print" option on the Voting page.

- (xviii) If a Demat account holder has forgotten the Login Password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id. cs.gsl@gayatri.co.in / info@vccilindia.com
2. For Demat shareholders -, please provide Demat Account Details (CDSL-16 Digit Beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id. cs.gsl@gayatri.co.in / info@vccilindia.com

**16. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast Seven (07) Days Prior to meeting mentioning their Name, Demat Account Number/Folio Number, Email Id, Mobile Number at cs.gsl@gayatri.co.in The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance Seven (07) Days Prior to meeting mentioning their name, Demat Account Number/Folio Number, Email Id and Mobile Number at cs.gsl@gayatri.co.in. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered **invalid** as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at : [scrutinizer@gayatri.co.in](mailto:scrutinizer@gayatri.co.in) and to the Company at the email address viz; [cs.gsl@gayatri.co.in](mailto:cs.gsl@gayatri.co.in) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

By order of the Board  
For **Gayatri Sugars Limited**

Sd/-  
**Danveer Singh**

Company Secretary & Compliance Officer

Place: Hyderabad  
Date: June 18, 2020

## **ANNEXURE TO NOTICE EXPLANATORY STATEMENT**

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

The following Explanatory Statement in terms of the provisions of Section 102(1) of the Act, sets out all material facts relating to the Special Business mentioned in the accompanying Notice for convening the 25th (Twenty Fifth) Annual General Meeting of Gayatri Sugars Limited:

### **ITEM NO. 03**

In accordance with the provisions of Section 149 of the Companies Act, 2013 and pursuant to Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to have at least half of the total number of Directors on the Board as Independent Directors who shall not be liable to retire by rotation. The Board of Directors, at its Meeting held on 11th February, 2020, approved the appointment of Mr. VENKATA NARAYANA RAO PALURI (DIN: 07378105), as an Additional Director (Non-Executive & Independent Director), on the Board of the Company for a period of 5 (five) years commencing from 11th February, 2020 upto 10th February, 2025, subject to approval of the Shareholders. The Company has received the consent from Mr. Venkata Narayana Rao Paluri as required under the provisions of Section 149(6)&(7) Companies Act, 2013 and the Rules framed thereunder as well as Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and that no order of Securities and Exchange Board of India (SEBI) or any other such authority has been passed against Mr. Venkata Narayana Rao Paluri debaring from accessing the capital markets and Restraining from holding the position of Director in any listed company. In the opinion of the Board of Directors Mr. Venkata Narayana Rao Paluri fulfills the criteria of Independence as specified under Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time. The brief profile of Mr. Venkata Narayana Rao Paluri in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) is provided elsewhere in this Notice.

The terms and conditions of appointment will be available on request at [cs.gsl@gayatri.co.in](mailto:cs.gsl@gayatri.co.in) till the conclusion of the AGM, without any fee. Except Mr. Venkata Narayana Rao Paluri and his relatives, none of the other Directors or Key Managerial Personnel or their relatives are in any way, whether financially or otherwise, concerned or interested in this Resolution.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 3 in the Notice for approval of the Shareholders.

### **ITEM NO. 04**

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

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of the Audit Committee approved the appointment and remuneration of M/s. Narasimha Murthy & Co., Cost Accountants, Cost Accountants (Firm Registration Number: 000042 ) as the Cost Auditor of the Company for the Financial Year 2020-21.

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.

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. 4 of the Notice.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 4 in the Notice for approval of the Shareholders.

### **ITEM NO. 05**

As stated earlier, Mrs. T. Sarita Reddy, was reappointed as a Managing Director of the Company for a period of three years with effect from May 01, 2019 till April 30, 2022, by means of Special Resolution passed by the Members at the 23rd Annual General Meeting of the Company held on September 19, 2018 on the terms and conditions including payment of remuneration as mentioned therein. During the last couple of years, the Sugar Industry has been going through a set of unprecedented circumstances and as a result of this the Company has incurred a loss of Rs. 2,772.29 for the financial year ended March 31, 2020.

Pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V, a company having inadequate / nil profits, may subject to certain conditions including the passing of a special resolution, pay such remuneration to its managerial personnel as may be decided by the Board of Directors on the recommendation on Nomination and Remuneration Committee.

### **The details of proposed remuneration paid / to be paid to Mrs. T. Sarita Reddy, Managing Director :**

#### **i. Period of Appointment**

The appointment is for a period of 3 years commencing from May 01, 2019.

#### **ii. Salary, House Rent Allowance and Other Allowances per month:**

<b>Particulars</b>	<b>Amount</b>
1. Basic Salary	2,25,000
2. House Rent Allowance	56,250
3. Other Allowances	2,18,750

#### **Housing:**

If required by Mrs. T. Sarita Reddy, free furnished residential accommodation with all facilities and amenities including Gas, Electricity, Water, Furniture/Fittings etc. shall be provided, the monetary value of which shall be evaluated as per Rule 3 of the Income Tax Rules, 1962. The

expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the Salary. In case the Company provides accommodation, House Rent Allowance shall not be paid.

**iii. Perquisites:**

Apart from the above, the Managing Director is eligible the following perquisites

Medical Reimbursement:

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

Leave Travel Concession:

One month salary per year for herself and her family.

Club Fees:

Subject to a maximum of two clubs, this shall not include admission and Life membership Fees.

Personal Accident Insurance:

Premium to be paid by Company, subject to, not exceeding Rs. 10,000/- per annum.

Provident Fund:

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

Gratuity:

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

Leave:

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

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

Telephone, Electricity and Water charges for residence:

Free telephone facility at the residence for the use of the Company's business and Free Electricity and Water charges for residence.

Car:

Use of company's car on Company's business with driver and all expenses on maintenance, repairs and cost of petrol.

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Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director)

Any other perquisites and allowances that may be allowed by the Company in consultation with Nomination and Remuneration Committee as per the guidelines issued by the Central Government from time to time.

### THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE ACT

#### I. GENERAL INFORMATION

1.	Nature of industry	Gayatri Sugars Limited is a Sugar Manufacturing Company producing sugar, ethanol and power.			
2.	Date or expected date of commencement of commercial production	The Company was originally incorporated as private Company on June 15, 1995. Hence requirement of obtaining commencement of Business was not applicable to the Company under the provisions of the Companies Act, 1956.			
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable			
4.	Financial performance based on given indicators (Figures in Lakhs)	<b>Financial year</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
		Gross Revenue	28172.58	31167.93	25138.10
		Profit before Interest, Depreciation and Tax	675.44	1420.38	4310.82
		Profit after Tax	(2840.63)	(1783.73)	1216.11
		Rate of dividend	Nil	Nil	Nil
		Earnings per share Basic	-6.34	-4.45	2.28
		Earnings per share Diluted	-6.34	-4.45	1.75
5.	Foreign investments or collaborations, if any.	The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years. The aggregate foreign shareholding in the Company was approx negligible.			

**II. INFORMATION ABOUT THE APPOINTEE:**

**T. Sarita Reddy:**

1.	Background details	<p>Ms. T. Sarita Reddy, aged 49 years with an MBA from Osmania University is a Managing Director of our Company and Director for a number of companies spanning various industries. She has over 15 years of experience in Sugar Industry and has been actively involved in the management and execution of various projects in the Gayatri Group. With her cross functional expertise in General Management, Administration, and Finance she has not only been monitoring and managing the finance of Gayatri Sugars, but has also played a pivotal role in facilitating process integration, value chain enhancement and implementation of policies and procedures throughout the Gayatri group. Her innovative management technique has been a critical factor in a boosting operational excellence at Gayatri Sugars Limited. She has served as the Executive Director for Gayatri Sugars Limited since 2005, and under her stewardship, the Company has achieved high levels of efficiency in Sugar extraction as well as ventured into by-product lines such as co-gen power plants and distilleries. She also serves as President of Telangana Sugar Mills Association (TESMA) and served as President of the Indian Sugar Mills Association (ISMA), for the year 2016-17. Besides for her work in the Sugar industry, she has worked on marquee projects in the hospitality and real estate industries.</p>				
2.	Past and Proposed remuneration (Figures in Lakhs)	<p>Details on proposed remuneration have been stated in this Explanatory Statement of the Notice. In monetary terms, the remuneration for the last 3 financial years is also given hereunder:</p>				
		<b>Financial year</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
		Mrs. T. Sarita Reddy	60.00	48.00	48.00	45.97
3.	Recognition or awards	-NIL-				
4.	Job profile and his suitability	<p>She is looking after the day to day affairs of our company and has the experience to handle diverse nature of businesses of the Company and the vision to take the business forward. Considering her qualifications, vast experience and deep knowledge of the business in which Company operates and also contribution made by her towards growth of the Company, the remuneration proposed commensurate with her job profile and is justified.</p>				

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5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Taking into consideration the size of the Company, the profile of the Managing Director, the responsibilities shouldered by her and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior levels in other companies.
6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Smt. T. Sarita Reddy has no pecuniary relationship with the Company or its Key Managerial Personnel other than her remuneration in the capacity of Managing Director. She is the daughter in law of T. Indira Reddy, Chairperson of the Company and spouse of T.V. Sandeep Reddy, Vice Chairman of the Company. She does not hold any shares in the Company in her personal capacity.

**I. DISCLOSURES**

The disclosures on remuneration package of each managerial person and details of all elements of remuneration package, details of fixed components etc. are given in the Corporate Governance Report and Board's Report attached to the Annual Report for the information of the shareholders.

The Board of Directors recommends the Special Resolution as set out in Item No. 5 in the Notice for approval of the Shareholders.

By order of the Board

For **Gayatri Sugars Limited**

Sd/-

**Danveer Singh**

Company Secretary & Compliance Officer

Place: Hyderabad  
Date: June 18, 2020

## ANNEXURE TO THE NOTICE

### DETAILS OF THE DIRECTORS RETIRING BY ROTATION/SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING:

[Pursuance of the Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) on General Meeting]

Name of the Director	Mrs. T. Indira Reddy	Mr. P.V. Narayana Rao
<b>Director Identification No</b>	00009906	07378105
<b>Date of Birth</b>	13.03.1951	15.05.1960
<b>Date of First Appointment on the Board</b>	21.07.2005	11.02.2020
<b>Relationship between Directors Inter-Se</b>	Mother of Mr. T. V. Sandeep Kumar Reddy and Mother in law of Mrs. T. Sarita Reddy	-
<b>Nature of Expertise in Specific Functional Area</b>	25 years of experience in the Construction Industry.	Mr. P V Narayana Rao, aged about 69 years, is a qualified Chartered Accountant and professional banker (a Certified Associate of Indian Institute of Bankers). He has a rich experience of 25 years in managing the finance function in various sectors like Manufacturing, Infra, Banking, service etc. He leads Finance and Accounts Departments of HO and both factories, coordinates with all other departments.
Directorship in Listed Entities as on March 31, 2020	1. Gayatri Tissue And Papers Limited (Non-Executive, Non-Independent Director) 2. Gayatri projects Limited (Non-Executive, Non- Independent Director)	1. Gayatri Bioorganics Limited (Non-Executive, Independent Director)
Membership in Committees of other Listed Companies (includes only Audit Committee and Stakeholders Relationship Committee)	3	2
Shareholding in the Company as on March 31, 2020	37,93,508	NIL

## BOARD'S REPORT

**To the Member(s),**

Your Directors have pleasure in presenting this 25th (Twenty Fifth) Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2020.

- 1. HIGHLIGHTS OF FINANCIAL PERFORMANCE:** Your Company's financial performance during the Financial Year 2019-20 as compared to that of the previous Financial Year 2018-19 is summarized below:-

(Rupees in Lakhs)

Particulars	2019-20	2018-19
Gross Income	<b>28,172.58</b>	31,167.93
Profit/(Loss) Before Interest, Depreciation and Exceptional Item	<b>675.44</b>	1,420.38
Finance Charges	<b>2,412.67</b>	2,351.14
Gross Profit/(Loss) before Depreciation and Exceptional Item	<b>(1,737.23)</b>	(930.76)
Provision for Depreciation	<b>1,035.06</b>	1,015.90
Net Profit(Loss) Before Tax and Exceptional Item	<b>(2,772.29)</b>	(1,946.66)
Exceptional Item(Re-measurement of Actuarial Valuation)	<b>(68.33)</b>	162.93
Provision for Tax	-	-
Net Profit/(Loss) After Tax	<b>(2,840.62)</b>	(1,783.73)
Balance of Profit/(Loss) brought forward	<b>(13,372.20)</b>	(11,588.47)
Balance available for appropriation	<b>(16,212.83)</b>	(13,372.20)
Proposed Dividend on Equity Shares	-	-
Tax on proposed Dividend	-	-
Transfer to General Reserve	-	-
Deficit carried to Balance Sheet	<b>(16,212.83)</b>	(13,372.20)

**2. REVIEW OF OPERATIONS:**

Your Directors are pleased to report that during the year under review, the Company crushed 5.10 Lakhs Tones of Sugar cane and 5.58 Lakhs Quintals of Sugar was bagged with an average recovery of 10.95% and 23,311 tonnes of Molasses was produced. The distillery unit produced 83.55 Lakhs litres of Ethanol and Impure Spirit.

The Company registered gross revenue of Rs. 28,172.58 Lakhs for the year ended 31st March, 2020 against Rs. 31,167.93 Lakhs for the year ended 31st March, 2019. For the year 2019-20, the company earned profit of Rs. 675.44 Lakhs before Interest, Depreciation and Exceptional item compared to the profit of Rs. 1,420.38 Lakhs for the previous year 2018-19. However, there was net loss of Rs. 2,840.63 Lakhs compared to the net loss of Rs. 1,783.73 Lakhs of previous year. The Company registered a decrease of 09.61% in turnover as compared to previous years. The loss in current year is attributed to the fact that lower availability of Sugarcane due to drought conditions prevailed in the region.

**i) PROSPECTS FOR THE FINANCIAL YEAR 2020-21:**

Though it is too early to estimate the sugar production for sugar season 2020-21, 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 2020-21 is expected on par as compared to the previous year 2019-20.

**ii) COVID-19 UPDATE:**

At present, the global economic environment is highly unpredictable as the duration and the impact of unprecedented COVID -19 pandemic is difficult to ascertain. After the COVID-19 outbreak in mid-March 2020 in India, our operations were disrupted and offices & factories were closed post the nationwide lockdown announced on 24th March, 2020 and after obtaining the necessary approvals from the concerned authorities. Your Company is ensuring utmost safety of employees and business partners at factories by strictly following safeguard measures such as usage of masks / gloves, regular temperature screening, setting up disinfectant tunnels, maintaining social distancing, allowing limited workforce and regularly conducting comprehensive factory as well as Head office sanitization.

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

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

**4. DIVIDEND:**

As the Company has accumulated losses as at 31st March, 2020, the Directors could not recommend dividend on Equity Shares and due to losses, dividend on preference shares could not be paid.

**5. SHARE CAPITAL:**

- Total Number of Equity Shares: 4,37,03,643 (in Electronic Form : 4,36,78,200 and in Physical Form : 25,443); and
- Total Number of Preference Shares: 4,11,47,023.

Further during the financial year 2019-2020, No change in the share capital of the company.

**6. BOARD MEETINGS:**

During the Financial Year ended 31st March, 2020, The Board of Directors of your Company met 04 (Four) times on 09th May, 2019, 13th August, 2019, 02nd November, 2019, and 11th February, 2020. The details of Board Meetings and the attendance of the Directors thereat are provided in the Corporate Governance Report. The intervening time gap between two consecutive Meetings was within the period prescribed under the Companies Act, 2013.

**7. TRANSFER TO RESERVES:**

Your Directors do not propose to transfer any amount to reserves during the Financial Year ended 31st March, 2020.

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

The following are the Key Managerial Personnel (KMP) of the Company pursuant to the

provisions of Section 203 of the Companies Act, 2013, as on 31st March, 2020:-

1. Mrs. T. Sarita Reddy, Managing Director
2. Mr. V. R. Prasad, Chief Financial Officer
3. Mr. Danveer Singh, Company Secretary & Compliance Officer

And during the year under review, Mr. Chetan Kumar Sharma resigned as Company Secretary and Compliance Officer of the Company w.e.f close of working hours on 03rd December, 2019 and Mr. Danveer Singh was appointed as Company Secretary and Compliance Officer w.e.f February 12, 2020.

**Independent Directors declaration:**

All the Independent Directors of your Company, viz., Mr. T. R. Rajagopalan, Mr. Raghuraj Suresh Bhalariao, and Mr. Venkata Narayana Rao Paluri have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs, in terms of the provisions of amended Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2019 and the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019.

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 the Independent Directors of the Company 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 (LODR), 2015 and the same have been taken on record by the Board after undertaking due assessment of the veracity of the same.

The criteria for determining qualifications, positive attributes and independence of Directors is provided in the Nomination and Remuneration Policy of the Company is available on the website, viz., <http://www.gayatrisugars.com/> at the web link <http://www.gayatrisugars.com/CorpPolicies.html>

All the Independent Directors of the Company have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013. The details of familiarization programmes attended by the Independent Directors during the Financial Year 2019-20 are available on the website of the Company, <http://www.gayatrisugars.com/> at the web link <http://www.gayatrisugars.com/CorpPolicies.html>

And during the year under review, Mr. J. N. Karamchetti resigned as Independent Director of the Company w.e.f 14th November, 2019 and Mr. P. V. Narayana Rao was appointed as Additional Independent Director of the Company w.e.f 11th February, 2020 by the Board of Directors at their meeting held on 11th February, 2020.

**Re-appointments:**

As per provisions of the Section 152 of the Companies Act, 2013, read with AOA of the company. Mrs. T. Indira Reddy, retires by rotation at this ensuing AGM and being eligible offer herself for re-appointment.

Mr. P. V. Narayana Rao was appointed as Independent Director on the Board of the Company, for a period of 5 (five) years as an Independent Director on 11th February, 2020, subject to approval of shareholders at the ensuing Annual General Meeting. Based on the

recommendations of the Nomination and Remuneration Committee, the Board appointed Mr. P. V. Narayana Rao as an Independent Director of the Company, not liable to retire by rotation, to hold the office for the first term effective from 11th February, 2020 till 10th February, 2025, subject to approval of the shareholders.

The resolutions for re-appointments of Mrs. T. Indira Reddy and Mr. P. V. Narayana Rao forms part of the notice convening the ensuing AGM scheduled to be held on Wednesday, 30th September, 2020.

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 Wednesday, 30th September, 2020.

**9. 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, Corporate Social Responsibility Committee and Management committee. The details of Composition and terms of reference of these committees are mentioned in the Corporate Governance Report and available on company website also.

**10. 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 above Policy is available on the website of the Company [www.gayatrisugars.com/](http://www.gayatrisugars.com/) at the web link <http://www.gayatrisugars.com/CorpPolicies.html>

**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 11.02.2020.

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 recommended to the Board of Directors for appointment of Mr. P. V. Narayana Rao as an Independent Director of the Company, not liable to retire by rotation, to hold the office for the first term effective from February 11th, 2020 till February 10th, 2025.

- (b) **Separate Meeting of Independent Directors:** The Independent directors of the Company at its meeting held on 11.02.2020

(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 etc. 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 and Non- Executive Directors) is satisfactory, 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 fulfil 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.

## **11. 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;
- (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; and
- (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.

**12. 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.

**13. 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**.

**14. 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 Annual General Meeting. 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, 2020 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 control 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.

**15. 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, 2020 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, 2020 does not contain any qualification(s) or adverse observations.

**16. 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:**

Certain modification were undertaken 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

**17. 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, 2020 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.

**18. 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)**

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

The Management Discussion and Analysis Report for the Financial Year under review, as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms a part of the Annual Report as **Annexure –IV**.

**20. 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.

**21. 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>

**22. 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 (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**23. CORPORATE SOCIAL RESPONSIBILITY (“CSR”):**

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). The Company has adopted Corporate Social Responsibility Policy and the CSR policy is also available on the website of the Company [www.gayatrisugars.com](http://www.gayatrisugars.com). During the year under review the Company has spent Rs. 06.33 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**).

**24. 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 vide Order No. A/30534/2018, dated 19/02/2018 relating to Kamareddy Unit of the Company.

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.

**25. 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/CorpPolicies.html>

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.

**26. DEPOSIT:**

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

**27. 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 2020-21 and the remuneration payable to them for the Financial Year 2020-21 is subject to ratification by the shareholders of the Company.

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.

**28. 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.

**29. LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2020-21 to BSE Limited where the Company's Shares are listed.

**30. FRAUD REPORTING:**

There have been no instances of frauds reported by the Auditors under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder, either to the Company or to the Central Government.

**31. DEPOSITORY SYSTEM:**

Your Company's Equity Shares are available for dematerialization through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**32. 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 this report.

**33. SECRETARIAL STANDARDS:**

The Company has in place proper system to ensure compliance with provisions of the applicable Secretarial Standards issued by The Institute of Company Secretary Of India (ICSI) and such system are adequate and operating effectively.

**34. AWARDS AND ACCOLADES:**

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

<b>Year</b>	<b>Category</b>	<b>Award</b>
2018-19	Best Technical Efficiency	Platinum Award
2018-19	Best Sugar Cane Development	Platinum Award
2018-19	Best Co-Generation	Golden 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

**35. 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: 18.06.2020

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

To  
The Member(s)

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, 2020.

**For Gayatri Sugars Limited**

Place: Hyderabad  
Date: 18.06.2020

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

## ANNEXURE - I

MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2020

[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, info@vccilindia.com

### 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	84.31
2	Ethanol	1101	11.14

### 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(01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% 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>	<b>25040888</b>	<b>0.00</b>	<b>25040888</b>	<b>57.30</b>	<b>25040888</b>	<b>0.00</b>	<b>25040888</b>	<b>57.30</b>	<b>0.00</b>
<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>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Shareholding of Promoter(A) = (A) (1) + (A) (2)</b>	<b>25040888</b>	<b>0.00</b>	<b>25040888</b>	<b>57.30</b>	<b>25040888</b>	<b>0.00</b>	<b>25040888</b>	<b>57.30</b>	<b>0.00</b>
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	—	—	—	—	—	—	—	—	—
(b) Banks/FI	—	—	—	—	6735	—	6735	0.02	0.02
(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>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6735</b>	<b>—</b>	<b>6735</b>	<b>0.02</b>	<b>0.02</b>

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Category of Shareholders	No. of Shares held at the beginning of the year(01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% 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	5526510	0.00	5526510	12.65	5127544	0.00	5127544	11.73	(0.91)
ii. Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	8704489	14032	8718521	19.95	8731543	14153	8745696	20.01	0.06
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3899678	11290	3910968	8.95	4695181	11290	4706471	10.77	1.82
(C) Others (Specify)									
Non Resident Individuals	64900	00	64900	0.15	66169	00	66169	0.15	0.00
Clearing Member	441856	00	441856	1.01	10140	0	10140	0.02	(0.99)
<b>Sub-Total (B)(2)</b>	<b>18637433</b>	<b>25322</b>	<b>18662755</b>	<b>42.70</b>	<b>18630577</b>	<b>25443</b>	<b>18656020</b>	<b>42.69</b>	<b>(0.02)</b>
<b>Total Shareholding Public = (B) (1)+(B) (2)</b>	<b>18637433</b>	<b>25322</b>	<b>18662755</b>	<b>42.70</b>	<b>18637312</b>	<b>25443</b>	<b>18662755</b>	<b>42.70</b>	<b>0.00</b>
C. Shares held by custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
<b>Grand Total(A+B+C)</b>	<b>43678321</b>	<b>25322</b>	<b>43703643</b>	<b>100</b>	<b>43678200</b>	<b>25443</b>	<b>43703643</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters:**

S. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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	18.08	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 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
		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

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### (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 (01.04.2019)		Cumulative Shareholding during the year (at the end of the year 31-03-2020)	
			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		4698257	10.75	4698257	10.75
	Date wise increase/Decrease in Share holding during the Year, specifying the reason:		—	—	—	—
	Date	Transaction (sales/purchase)	—	—	—	—
	At the End of the year (or on the date of separation, if separated during the year)		4698257	10.75	4698257	10.75
2.	<b>Sudeep Luniya</b>					
	At the beginning of the year		—	—	—	—
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:		—	—	—	—
	Date	Transactions (sales/purchase)				
	30/09/2019	Purchase	241429	0.55	241429	0.55
	At the End of the year (or on the date of separation, if separated during the year)		—	—	241429	0.55
3	<b>PRAKASH KANTILAL SHAH</b>					
	At the beginning of the year		225000	0.51	225000	0.51
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/purchase)				
	At the End of the year (or on the date of separation, if separated during the year)		225000	0.51	225000	0.51
4	<b>RUPAL LAXMIKANT RANA</b>					
	At the beginning of the year		225000	0.51	225000	0.51
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/purchase)				
	At the End of the year (or on the date of separation, if separated during the year)		225000	0.51	225000	0.51
5	<b>NIKHIL JAIN</b>					
	At the beginning of the year		216000	0.49	216000	0.49
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions (sales/purchase)				
	At the End of the year (or on the date of separation, if separated during the year)		216000	0.49	216000	0.49

<b>6</b>	<b>GAURAV JITENDRAKUMAR SHAH</b>					
	At the beginning of the year		200000	0.46	200000	0.46
	Date	Transactions (sales/ purchase)				
	13/09/2019	Sale	10700	0.02	189300	0.43
	18/09/2019	Sale	10950	0.03	178350	0.41
	11/10/2019	Sale	29607	0.07	148743	0.34
	At the End of the year (or on the date of separation, if separated during the year)		148743	0.34	148743	0.34
<b>7</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)				
	At the End of the year (or on the date of separation, if separated during the year)		135000	0.31	135000	0.31
<b>8</b>	<b>SRINIVASA RAO D S</b>					
	At the beginning of the year		115534	0.26	115534	0.26
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	At the End of the year (or on the date of separation, if separated during the year)		115534	0.26	115534	0.26
<b>9</b>	<b>RITU LUNIYA*</b>					
	At the beginning of the year		—	—	—	—
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	23/08/2019	Purchase	114290	0.26	114290	0.26
	At the End of the year (or on the date of separation, if separated during the year)		114290	0.26	114290	0.26
<b>10</b>	<b>SANDEEP LUNIYA (HUF)*</b>					
	At the beginning of the year		—	—	—	—
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	28/06/2019	Purchase	110000	0.25	110000	0.25
	At the End of the year (or on the date of separation, if separated during the year)		110000	0.25	110000	0.25

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<b>11</b>	<b>TRADESWIFT BROKING PRIVATE LIMITED#</b>					
	At the beginning of the year		315385	0.72	315385	0.72
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	28/06/2019	Sale	200000	0.46	115385	0.26
	23/08/2019	Sale	114290	0.26	1095	0.00
	30/08/2019	Sale	500	0.00	595	0.00
	27/09/2019	Sale	198	0.00	397	0.00
	24/01/2020	Sale	397	0.00	00	0.00
	At the End of the year (or on the date of separation, if separated during the year)		—	—	—	—
<b>12</b>	<b>RAMUKA CAPITAL MARKETS LIMITED#</b>					
	At the beginning of the year		241429	0.55	241429	0.55
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	30/09/2019	Sale	241429	0.55	00	0.00
	At the End of the year (or on the date of separation, if separated during the year)		—	—	—	—
<b>13</b>	<b>CHARU KUMAR*</b>					
	At the beginning of the year		101544	0.23	101544	0.23
	Date wise increase / Decrease in Share holding during the Year, specifying the reason:					
	Date	Transactions(sales/ purchase)				
	At the End of the year (or on the date of separation, if separated during the year)		101544	0.23	101544	0.23

\* Not in the list of top 10 shareholders as on 01-04-2019. The same has been included above since the shareholder was one of the top 10 shareholders as on 31-03-2020.

# ceased to be in the list of top 10 shareholders as on 31-03-2020. The same is included above since the shareholder was one of the top 10 shareholders as on 01 04- 2019.

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

S.No	For Each of the Directors and KMP		Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year	
			No. of shares	of total % shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1.TV. Sandeep Kumar Reddy 2.T. Indira 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 the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	There is no Increase/Decrease in the Directors and Key Managerial Personnel shareholding during the year.				
	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	11,322.08	1761.85	-	13083.93
ii) Interest due but not paid	1556.00	217.28	-	1773.28
iii) Interest accrued but not due	57.43	-	-	57.43
<b>Total (i+ii+iii)</b>	<b>12935.51</b>	<b>1979.13</b>	<b>-</b>	<b>14914.64</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	360.69	(16.52)	-	344.17
Reduction	774.08	240.19	-	1014.27
<b>Net Change</b>	<b>(413.39)</b>	<b>(256.71)</b>	<b>-</b>	<b>(670.10)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	10548.00	1659.57	-	12,207.57
ii) Interest due but not paid	1916.69	62.86	-	1,979.55
iii) Interest accrued but not due	57.42	-	-	57.42
<b>Total (i+ii+iii)</b>	<b>12522.11</b>	<b>1722.43</b>	<b>-</b>	<b>14,244.54</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 Mrs. T. SARITA REDDY	Total Amount
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	48.00	48.00
(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>60.00</b>	<b>60.00</b>

\*The ceiling limit is per Schedule V of the Companies Act, 2013.

**B. Remuneration to other Directors:**

(Amount ₹)

S.No	Particulars of Remuneration	Name of Directors				Total Amount
		TR Rajagopalan	J N Karam chetti*	Raghuraj Suresh Bhalerao	Narayan Rao Popuri#	
1.	<b>Independent Directors</b> • Fee for attending board / committee meetings • Commission • Others, please specify	24,000	18,000	16,000	5000	63,000
<b>Total (1)</b>		24,000	18,000	16,000	5,000	63,000
2.	<b>Other Non-Executive Directors</b>	<b>T Indira Reddy</b>		<b>T V Sandeep Kumar Reddy</b>		
	• Fee for attending board / committee meetings • Commission • Others, please specify	20,000		15,000		35,000
<b>Total (2)</b>		20,000		15,000		35,000
<b>Total (B) = (1)+(2)</b>						<b>98,000</b>
<b>Total Managerial Remuneration</b>						<b>98,000</b>
<b>Overall Ceiling as per the Act</b>						

\*Ceased to be a director w.e.f November 14, 2019

#Appointed w.e.f February 12, 2020

**C. Remuneration to key managerial personnel other than MD/MANAGER/ WTD:**  
(Amount ₹ in Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO Ramalinga Prasad Veravalli	CS Chetan Kumar Sharma*	CS Danveer Singh#	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.01	3.08	0.53	24.62
(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>21.01</b>	<b>3.08</b>	<b>0.53</b>	<b>24.62</b>

**\*Ceased to be Company Secretary & Compliance Officer w.e.f close of working hours on December 03, 2019**

**#Appointed as Company Secretary & Compliance Officer w.e.f February 12, 2020**

**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

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

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

Place: Hyderabad  
Date: 18.06.2020

## ANNEXURE –II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2020

[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, 2020 ('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, 2020 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, as amended from time to time;
  - 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 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: 18.06.2020

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

**UDIN Number: A003785B000352859**

**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.

**'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: 18.06.2020

Sd/-  
**Y. KOTESWARA RAO**  
ACS No.:3785  
C.P. No.: 7427  
UDIN Number: A003785B000352859

### ANNEXURE –III

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

Amount outstanding as on March 31, 2020

(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 2019-20

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 sanction of crop loan to Sugarcane farmers
2.	Union Bank of India	Unrelated	1200 lakhs	Corporate Guarantee	For sanction of harvesting and Transport Loan to Harvesting Labour

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 : 18.06.2020

## ANNEXURE - IV

### MANAGEMENT DISCUSSION AND ANALYSIS INDUSTRY STRUCTURE AND DEVELOPMENTS

#### GLOBAL ECONOMIC OUTLOOK

Global growth decelerated markedly in 2019, with continued weakness in global trade and investment. This weakness was widespread, affecting both advanced economies – particularly the Euro Area – and Emerging Market and Developing Economies (EMDEs). Various key indicators of economic activity declined in parallel, approaching their lowest levels since the global financial crisis, in particular, global trade in goods was in contraction for a significant part of 2019, and manufacturing activity slowed markedly over the course of the year. Near-term projections for global growth masked different contours in advanced economies and EMDEs. Growth in advanced economies was projected to slow to 1.4% this year, below previous projections, in part reflecting lingering weakness in manufacturing, and was expected to improve slightly over the rest of the forecast horizon. In contrast, after decelerating to an estimated weaker-than-expected 3.5% last year, growth in EMDEs was projected to increase to 4.1% in 2020. Nonetheless, the recovery in aggregate EMDE growth this year, which assumed continued monetary policy support in many economies, no major swings in commodity prices, and generally benign borrowing costs, was not envisioned to be broad-based.

During the end of the last quarter of the financial year 2019-20, COVID-19 outbreak brought considerable human suffering and major economic disruption. Growth prospects remain highly uncertain. Annual global GDP growth is projected to drop to 2.4% in 2020 as a whole, from an already weak 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020. The adverse impact on confidence, financial markets, the travel sector and disruption to supply chains contributes to the downward revisions in all G20 economies in 2020, particularly ones strongly interconnected to China.

The World Trade Organization (WTO) predicts that the world trade is expected to fall by 13% to 32% in 2020 as the COVID-19 pandemic has disrupted normal economic activity and life around the world. The WTO economists believe the decline will likely exceed the trade slump brought by the global financial crisis of 2008-09. Estimates of the expected recovery in 2021 are equally uncertain, with outcomes depending largely on the duration of the outbreak and the effectiveness of the policy responses. The unavoidable declines in trade and output will have painful consequences for households and businesses, on top of the human suffering caused by the disease itself.

#### INDIAN ECONOMY OUTLOOK

Global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in 2019-20. The real GDP growth moderated to 5.0% in 2019-20 as compared to 6.8% in 2018-19. Despite a temporary moderation in the Gross Domestic Product (GDP) growth in 2019-20, the fundamentals of Indian economy remained strong and it was expected that GDP growth would rebound from the first quarter of 2020-21. Fiscal situation remained close to the consolidation path and consumer price inflation was within the targeted limits set by the monetary policy committee of Reserve Bank of India (RBI). Despite continuing sluggishness in global demand, the Current Account Deficit (CAD) narrowed to 1.5% of GDP in first half of 2019-20 from 2.1% in 2018-19. Global confidence in the Indian economy improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves of US\$ 457.5 billion as in end December, 2019. India moving up by 14 positions to 63rd rank in 2019 World Bank's Ease of Doing Business 2020 Report, has among others, contributed to the increase in global confidence in Indian economy. India has emerged as an important player in the world on the back of high GDP growth and announcement/implementation of critical measures in the current year and last few years.

The measures announced / implemented in 2019-20 include:

- Reduction in corporate tax rate;

- Policy initiatives for development of textiles & handicrafts and electric vehicles;
- Outreach programme for growth, expansion and facilitation of micro, small and medium enterprises;
- Incentives for start-ups in India;
- Recapitalization of public sector banks;
- Relaxation of ECB guidelines for affordable housing; and
- Streamlining of many labour laws at the central government level.

Government has also taken various measures from time to time to stabilize prices of essential food items through, inter-alia, trade and fiscal policy instruments like customs duty, minimum export price, export restrictions, imposition of stock limits besides advising States for effective action against hoarders & black marketers to regulate Domestic availability and moderate prices. Prior to the outbreak of COVID-19, the outlook for growth for 2020-21 was looking up. First, the bumper rabi harvest and higher food prices during 2019-20 provided conducive conditions for the strengthening of rural demand.

Second, the transmission of past reductions in the policy rate to bank lending rates had been improving, with favorable implications for both consumption and investment demand.

Third, reductions in the goods and services tax (GST) rates, corporate tax rate cuts in September 2019 and measures to boost rural and infrastructure spending were directed at boosting domestic demand more generally. However, the COVID-19 pandemic has drastically altered this outlook.

As per the Reserve Bank of India, COVID-19, the accompanying lockdowns and the expected contraction in global output in 2020 weigh heavily on the growth outlook. The actual outturn would depend upon the speed with which the outbreak is contained, and economic activity returns to normalcy. Significant monetary and liquidity measures taken by the Reserve Bank and fiscal measures by the government would mitigate the adverse impact on domestic demand and help spur economic activity once normalcy is restored. Risks around the inflation projections appear balanced at this juncture and the tentative outlook is benign relative to recent history. But COVID-19 hangs over the future, like a specter.

#### **POLICY INITIATIVES POST COVID-19**

The Government of India has initiated a slew of policy initiatives to tackle the sluggish economy post COVID-19. This includes a number of stimulus and reform measures including announcement of a Rs 20 Lakh Crore package. A highlight of the stimulus package was the legal reforms proposed for agriculture. It has been likened to the 1991 reforms which transformed industry and financial markets. Agriculture remains shackled by antiquated laws and moreover, progress in creation of a national market for agricultural produce has been slow. Therefore, proposals to amend Essential Commodities Act (ECA), create a central law to expand marketing options through interstate trade and electronic trading platforms, and introduce a facilitative legal framework to enhance farmer engagement with retailers and aggregators have drawn praise from various quarters. Similarly, the APMC Act created monopsony powers and erected entry barriers for new agents.

A functioning market needs many buyers and sellers, making the Centre's plans to create a legal architecture to facilitate it are important. But laws alone will not unlock agriculture's full potential and the Government needs to play a more proactive role, as it did in the 1991 reforms, to create market infrastructure. The Government launched e-NAM four years ago, an electronic pan-India link of wholesale markets and the aim was to connect the existing mandi system to create a national market for farmers. However, only about 9% of about 6,946 markets are linked to e-NAM since the Market infrastructure for quality assessment, dispute redressal mechanism and logistics infrastructure are inadequate.

Government needs to take a more proactive role and the lead here as markets evolve only when legal changes come with a complementary ecosystem.

## **GLOBAL SUGAR SCENARIO**

Global production for Marketing Year (MY) 2020-21 is forecast up 22 million tons to 188 million (raw value) due to higher production in Brazil, India, and Thailand. Consumption is expected to rise to a new record due to growth in markets such as India and is projected to continue to draw stocks lower despite a rebound in output. Exports are forecast up sharply with rising supplies.

Impacts of COVID-19 have been taken into consideration in the global sugar forecast for trade and consumption. However, the impact of the pandemic on the global economy remains highly uncertain.

## **GLOBAL TRENDS IN SUGAR**

The global sugar market reached a volume of 187.9 Million Tons in 2018. The market is further projected to reach 199.6 Million Tons by 2024, expanding at a CAGR of nearly 1% during 2019-2024. Sugar refers to a sweet crystalline substance which is prepared from sugar cane and sugar beet. It is used across the globe for innumerable food and non-food applications. In addition to offering a sweet taste, sugar performs a variety of other functions in the food industry. It is used as a preservative and prevents the development of microorganisms. It is also used for preventing formation of large ice crystals in frozen products like ice cream. Apart from this, sugar encourages fermentation in products which contain yeast. Moreover, it is used in baked goods for retaining moisture and preventing staleness.

## **DOMESTIC SCENARIO**

### **Sugar Production and Consumption :**

India has of late become the world's largest sugar producer beating Brazil and is also the largest sugar consumer. Excess sugar production in the last couple of years has resulted in surplus sugar. The primary reason for this exponential rise in sugar production is the introduction of an early maturing cane variety, the Co 0238 (Karan 4). This cane variety gives very high cane yield and sugar recovery. This variety was released in 2009-10 and currently, in Uttar Pradesh, the plantation of this variety is above 90%, which has increased the sugar production upto 12 to 13 MMT per year. This coupled with increase in Fair & Remunerative Price (FRP) over the years has contributed to the highest ever sugar production in India during the past few seasons. In fact Sugarcane is the most profitable crop for farmers in India as the return is assured and 50-60% higher than the return from any other crop. The increase in the FRP of sugarcane in the last 10 years has outpaced the increase in the MSP of other crops like wheat, paddy, coarse grains, cotton etc., causing a distortion in the farm economics. This, along with the fact that sugarcane has an assured buyer, is a sturdy crop and gets the promised assured price, is the main reason why sugarcane is one of the most preferred crop in the country. Indian Sugar Production has historically been cyclical in nature with 3-4 years of bumper crop usually followed by 2 years of shortfall. The shortage years helped restore Mills' health by liquidating excess stocks and lifting market prices for Sugar thereby benefiting farmers. However, this cyclical pattern has been broken lately, with Sugar production outpacing consumption since the Year 2010-11 except the Year 2016-17 when Sugar production dipped to the level of just 20.3 MMT mainly due to drought conditions.

### **Price - Sugarcane & Sugar :**

For the Sugar Season 2019-20, the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, fixed the FRP for sugarcane at Rs. 275 per quintal for a basic recovery of 10.00% and a premium of Rs. 2.75 for every 0.1% increase in the recovery rate, as recommended by the Commission of Agricultural Costs and Prices (CACP). Also for 10 % and less recovery, the FRP shall be decreased by 2.75 per Quintal for every 0.1% decrease. For mills having recovery of 9.5% or less, FRP fixed at Rs. 261.25 per quintal.

### **Indian Bio Fuel Section Overview:**

Sugar Mills produce ethanol from molasses which is a by-product of Sugar manufacture. The Government of India is keen on encouraging environmental friendly vehicles and imposed compulsory blending of Ethanol. Ethanol supply contracts for 170 Crore litres have been entered into between ethanol

manufacturers/sugar mills and oil marketing companies (OMCs) for the current ethanol supply year (Dec-Nov) 2019-20.

Against this, 92.5 Crore litres of ethanol have already been supplied to the OMCs between Dec 2019 to June 2020, achieving an average all India blending of 5.09% with petrol till then. This is almost as per contracts signed for the supplies.

**Central Government Measures During July 2019 to July 2020:**

DATE	MEASURE	SIZE (INR BILLION)	IMPACT
July 2019	Cane FRP kept unchanged at INR275/quintal	-	Profitability
July 2019	Increase in buffer stock to 4mnt for 1 year (from 3mnt earlier) with additional subsidy of INR5 billion towards inventory carrying cost, directly credited to farmers' account)	5	Liquidity/PBT improvement
August 2019	Export quota increased to 6mnt for SS20 (SS2018-19: 5mnt) while export subsidy reduced marginally to INR10.4/kg of sugar exported (INR11.1/kg)	62.68	Exports
September 2019	Increased ethanol prices for season 2019-20: C-heavy molasses to INR43.75/litre (INR43.46/litre), B-heavy molasses to INR54.27/litre (INR52.43/litre, Sugarcane juice /sugar/sugar syrup route be fixed at INR59.48/ litre (cane juice: INR59.13/litre)	-	Higher ethanol production

**OPPORTUNITIES AND THREATS**

**Opportunities:**

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

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

**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.
- Short crushing season.
- Shrinkage of sugarcane area under cultivation due to growing urbanisation and availability of many alternate cash crops.

**FUTURE OUT LOOK**

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 and 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 to 90.00 Lakh litres during the financial year 2020-21.

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

**Sugar:**

During the Financial Year 2019-20 under review, the crushing operations for the crushing season 2019-20 were started at Kamareddy Unit on December 3, 2019 and closed the operations on March 4, 2020. The operations at Nizamsagar Unit started on December 1, 2019 and closed on March 12, 2020.

During the Crushing Season 2019-20, at both the units, 5.10 Lakh Tonnes of Sugar Cane was crushed and 5.58 Lakh Quintals of sugar produced with an average recovery of 10.95% comparing to the previous season figures of 7.90 Lakh Tonnes of Sugar Cane and Sugar of 8.99 Lakhs Quintals with an average recovery of 11.38% respectively. In detail, at Kamareddy Unit, 2.99 Lakh Tonnes of Sugar Cane was crushed (Previous Season 4.29 Lakh Tonnes) and produced sugar of 3.37 Lakhs Quintals (Previous Season 4.94 Lakh Quintals) with an Average Recovery of 11.30% (Previous Season 11.51%) and at Nizamsagar Unit 2.21 Lakh Tonnes (Previous Season 3.60 Lakh Tonnes) of Sugar Cane and produced sugar of 2.21 Lakhs Quintals (Previous Season 3.60 Lakh Quintals) with an Average Recovery of 10.45% (Previous Season 11.26%).

**Distillery:**

During the Financial Year 2019-20, the Distillery unit produced Ethanol of 82.45 Lakh Liters, Rectified Spirit (RS) Nil Liters and Impure Spirit (IS) – 1.10 Lakh Liters totalling to 83.55 lakh Liters (compared to the previous year of Ethanol of 80.19 lakh Liters, Rectified Spirit (RS) – 3.59 Lakh Litres and Impure Spirit (IS) 1.24 Lakhs, totalling to 85.02 lakh Liters).

**Power:**

The Export of Power during the crushing season 2019-20 was to the extent of 158.08 Lakh kwh (Kamareddy Unit 38.87 Lakh kwh & Nizamsagar Unit 119.21 lakh kwh) as compared to the previous year season of 274.59 Lakh kwh (Kamareddy Unit 58.43 Lakh kwh & Nizamsagar Unit 216.16 lakh kwh).

**Manufacturing:**

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

**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 2019-20 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 2019-20, the Overall performance of the Company is as under:

**Production:**

Details	Financial Year 2019-20	Financial Year 2018-19
Total Cane Crushed	<b>5,10,094 Tones</b>	7,89,770 Tones
Sugar Production	<b>5,58,481 Quintals</b>	8,98,986 Quintals
Recovery	<b>10.95 %</b>	11.38 %
Molasses production (Tonnes)	<b>23,311 Tones</b>	36,158 Tones
Power Exported (lakh units)	<b>158.08 lakh Units</b>	274.59 lakh Units
Distillery Unit: Ethanol/Rectified Spirit (RS) & Impure Spirit (IS) Production	<b>82.45 lakh Liters</b> <b>1.10 lakh Liters</b>	80.19 lakh Liters 4.83 lakh Liters

**Financial Review:**

**Capital:**

There was no change in the capital structure of the Company. However, the Preference Share Capital has been reclassified as Borrowings (Financial Liability) 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 during 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 other than sanctioned limits during the year.

**Gross Block of Assets:**

The gross block of the Company was increased from Rs. 26,822.72 lakhs to Rs. 26,823.81 lakhs because of capital expenditure incurred on sugar plant. During the year, the Company provided depreciation and amortization of Rs. 1035.07 lakhs as per the provisions of Schedule II of the Companies Act, 2013.

**Inventories:**

Value of inventories stood at Rs. 7,574.56 lakhs as at 31st March, 2020 against Rs. 12,032.60 lakhs as at 31st March, 2019.

**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 was no complaint 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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### A. MANDATORY REQUIREMENTS

##### 1. 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)

##### 2. BOARD OF DIRECTORS ("Board")

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, 2020

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 Companies 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.

Mr. J. N. Karamchetti resigned as Non-Executive Independent Director w.e.f November 14, 2019. Mr. P. V. Narayana Rao has been appointed as Additional Director under the category of Non-Executive Independent Director w.e.f February 11, 2020.

The Company has issued formal letter of appointment to the Independent Directors. As

## Twenty Fifth Annual Report

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 the website of the company [www.gayatrisugars.com](http://www.gayatrisugars.com)

- 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, 2020

Name of the Director	Mrs. T. Indira Reddy	Mrs. T. Sarita Reddy	Mr. T. V. Sandeep Kumar Reddy	Mr. T.R. Rajagopalan	^Mr. P.V. Narayana Rao	Mr. Raghuraj Suresh Balerao	**Mr. J.N. Karamchetti
Category	Chairperson Promoter Director	Managing Director	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
No. of Board Meetings attended / held	4/4	4/4	3/4	4/4	1/1	3/4	3/3
Whether Attended AGM held on September, 26, 2019	No	Yes	No	No	No	Yes	No
Chairmanship in Board of other Companies#	2	Nil	Nil	Nil	Nil	Nil	Nil
Directorship in Board of other Companies#	5	4	7	Nil	2	Nil	Nil
Chairman in Committee Position held in other Companies*	Nil	1	1	Nil	1	Nil	Nil
Membership in Committee Position held in other Companies*	3	2	5	Nil	2	Nil	Nil

Directorship in other Listed Entity	1. Gayatri Tissue and Papers Limited (Non-Executive, Non-Independent Director) 2. Gayatri Projects Limited (Non-Executive, Non-Independent Director)	1. Gayatri Bioorganics Limited (Non-Executive, Non-Independent Director)	1. Gayatri Bioorganics Limited (Non-Executive Non-Independent Director) 2. Gayatri Projects Limited (Executive, Non-Independent Director)	Nil	1. Gayatri Bioorganics Limited (Non-Executive, Independent Director)	Nil	Nil
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# Excludes Chairmanship & Directorship in Section 8 Companies and Gayatri Sugars Limited.

\* Includes only Membership and Chairmanship in Audit and Stakeholder Relationship Committee.

^ Director has been appointed as an Additional Non Executive Independent Director w.e.f February 11, 2020.

\*\* Independent Director had resigned from the post on November 14, 2019.

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

Skills/Expertise/Attributes	Description
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

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

**3. BOARD MEETINGS:**

Our Secretarial Department in consultation with the Key Managerial Personnel, Managing Director and with Board decided the dates on Board Meetings, the schedule of Board Meetings and Board Committee Meetings are communicated in advance to all the Directors to enable them to schedule their meetings.

Our Board met 4 (Four) times in the Financial Year 2019–2020 on 09th May, 2019, 13th August, 2019, 02nd November, 2019 and 11th February, 2020.

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 as per the rules and regulation 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.

#### **4. 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 previous Annual General Meeting of the Company was held on 26.09.2019 and the Chairman of Audit Committee could not be present at the 24th AGM due to preoccupation.

v) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows: 2019–20 on 09th May, 2019, 13th August, 2019, 02nd November, 2019 and 11th February, 2020. Quorum was present at all the meetings of the Audit Committee.

**Audit Committee Meetings and Attendance:**

Name	Designation	Category	No. of Audit Committee meetings	
			Held	Attended
Mr. T.R. Rajagopalan	Chairman	Non-Executive Independent Director	4	4
Mrs. T. Sarita Reddy	Member	Managing Director	4	4
Mr. Raghuraj Suresh* Bhalerao	Member	Non-Executive Independent Director	1	1
Mr. J N Karamchetti**	Member	Non-Executive Independent Director	3	3

- \* Appointed as Member of Audit Committee on February 11, 2020. He was entitled to attend only One Audit Committee Meeting during the FY 2019-20.
- \*\* Ceased to be member of Audit Committee w.e.f November 14, 2019. He was entitled to attend Three Audit Committee Meetings during the FY 2019-20.

The necessary quorum was presenting at all the meetings. The Chairman of Audit Committee could not be present at the 24th AGM due to pre-occupation.

**5. 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 reasonable 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	Non Executive Independent Director	2	2
Mrs. T. Indra Reddy	Member	Non Executive, Non Independent Director	2	2
Mr. J.N. Karamchetti**	Member	Non Executive Independent Director	1	1
Mr. Raghuraj Suresh Bhalerao*	Member	Non Executive Independent Director	1	1

- \* Appointed as Member of Nomination and Remuneration Committee on February 11, 2020. He was entitled to attend only One Nomination and Remuneration Committee meeting during the FY 2019-20.
- \*\* Ceased to be member of Nomination and Remuneration Committee w.e.f November 14, 2019. He was entitled to attend One Nomination and Remuneration Committee meetings during the FY 2019-20.

During the financial year 2019-2020, Two meetings of Nomination and Remuneration Committee was held on 13.08.2019 and 11.02.2020 respectively. The Chairman of Nomination and Remuneration Committee could not be presented at the 24th AGM due to preoccupation.

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 2019-2020**

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (Rs. Lakhs)	Sitting fees (Rs. in Lakhs)
Mrs. T. Indira Reddy	Non Executive Chairperson	—	0.20
Mr. T.V. Sandeep Kumar Reddy	Non-Executive Vice Chairman	—	0.15
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	—	0.16
Mr. P.V. Narayana Rao	Non Executive/ Independent	—	0.05

**Performance Evaluation Criteria for Independent Directors**

The Nomination and Remuneration Committee lays down the criteria for Evaluation of Independent Directors. The Board has carried out the annual performance evaluation of Independent Directors individually based on the criteria approved by the Nomination and Remuneration Committee. 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.

**6) 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 Nomination and Remuneration Committee Meetings	
			Held	Attended
Mr. J.N. Karamchetti**	Member	Non-Executive Independent Director Member	—	—
Mr. Raghuraj Suresh Bhalerao*	Chairman	Non-Executive Director Member	1	1
Mr. T. V. Sandeep Kumar Reddy	Member	Non-Executive Independent Director Member	1	0
Mrs. T. Sarita Reddy	Member	Non-Executive Director Member	1	1

\*\* Ceased to be member of Stakeholders Relationship Committee w.e.f November 14, 2019.

\* Appointed as Chairman of the Stakeholders Relationship Committee w.e.f February 11, 2020.

The Stakeholders Relationship Committee meeting was held during the financial year 2019-20 on February 11, 2020.

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

**CS DANVEER SINGH**

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

**7. The Constitution of Corporate Social Responsibility Committee is as follows :**

Name	Designation	Category	No. of Nomination and Remuneration Committee Meetings	
			Held	Attended
Mr. Raghuraj Suresh Bhalerao*	Chairman	Non-Executive Independent Director	1	1
Mr. T. V. Sandeep Kumar Reddy	Member	Non-Executive Director	1	1
Mrs. T. Sarita Reddy	Member	Managing Director	1	1

\* Appointed as Chairman of the Corporate Social Responsibility on w.e.f February 11, 2020 due to resignation of Mr. J N Karamchetti.

The Corporate Social Responsibility Committee meeting was held during the FY 19-20 on 13th August, 2019.

**8. MEETING OF INDEPENDENT DIRECTORS:**

The Independent Directors of the Company had met during the year on 11.02.2020 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.

## 9. 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
2018-19	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.	Thursday the 26 <sup>th</sup> Day of September, 2019	11:30 A.M.	1. To consider the Re-appointment of Mrs. T.R. Rajagopalan as an Independent Director 2. To consider the Re-appointment of Mr. J.N. Karamchetti as an Independent Director
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.

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 2019-20:

NIL

## 10. Disclosures

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

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

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

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

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

**iii) Disclosure relating to Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.**

Company has established a Vigil Mechanism System/Whistle blower policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Further, as per the provisions of the Companies Act, 2013 the Audit Committee of the company 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 <http://www.gayatrisugars.com/CorpPolicies.html>

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

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

**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. R. S. Bhalerao, Independent, Director#    | - Member      |
| 5. V. R. Prasad, Chief Financial Officer     | - Member      |

\* Ceased to be member of Risk Management Committee w.e.f November 14, 2019.

# Appointed as a member of Risk Management Committee w.e.f February 11, 2020.

**Term of Reference:**

- To consider the Company's risk management strategies
- To consider, review and approve risk management policies and guidelines
- To decide on risk levels, risk appetite and related resource allocation
- To approve major decisions affecting the Company's risk profile or exposure and give such directions as it considers appropriate

- To approve major risk management activities such as hedging transactions
- To review the Company's approach to risk management and approve changes or improvements to key elements of its processes and procedures
- Provide any information/reports as and when required by the Board
- And any other matters as per the risk policy of the Company

**vii) Means of Communication**

The quarterly, half yearly un-audited financial results and the annual audited financial results are published in leading News Papers namely, Financial Express and Andhra Prabha/ManaTelangana. The results are also displayed on the Company's website [www.gayatrisugars.com](http://www.gayatrisugars.com) and Official news releases, presentations made to media, if any, are also displayed on the Company's website.

**viii) Compliance of Insider Trading Norms**

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

**11. GENERAL SHAREHOLDERS' INFORMATION**

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

<b>Financial Year</b>	<b>2019-2020</b>
Day, Date and Time	Wednesday, September 30, 2020 at 12.00 Hrs (IST)
Venue	Through Video Conferencing (e- AGM)

**b) Financial Calendar (tentative):** Financial Year 1st April, 2020 to 31st March, 2021

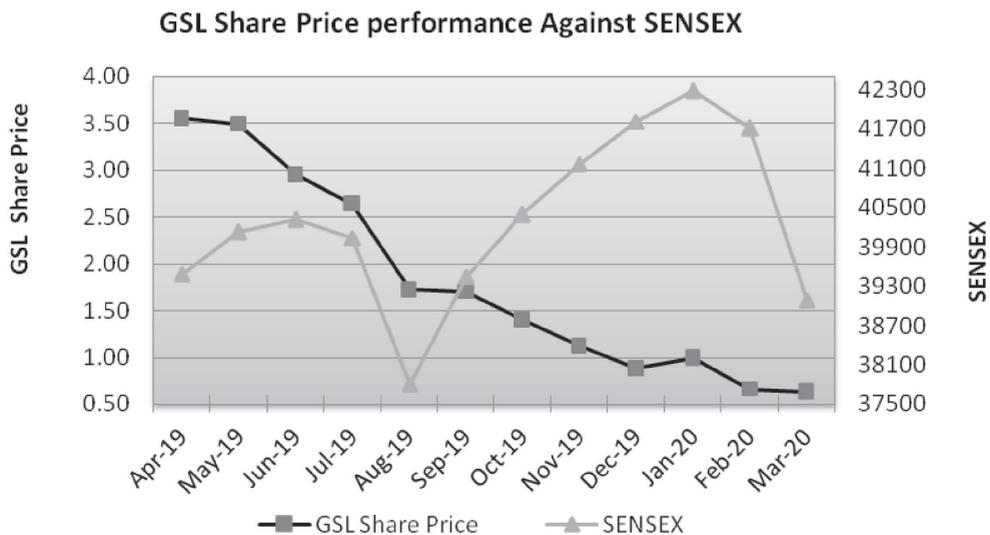
<b>Quarter Ending</b>	<b>Release of Results</b>
June 30, 2020	Second week of August, 2020
September 30, 2020	Second week of November, 2020
December 31, 2020	Second week February, 2021
March 31, 2021	Third/Fourth Week of May, 2021*

\*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 the given of Stock Exchange Guidelines.

- c) Date of Book closure** : 24.09.2020 to 30.09.2020 (Both days inclusive)
- d) Dividend Payment date** : Not Applicable.
- e) Listing on Stock Exchanges** : BSE Ltd.  
PJ Towers, Dalal Street, Fort, Mumbai 400001.
- 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 2019-20

Month	BSE SHARE PRICE			BSE SENSEX	
	High Price	Low Price	Volume (No of Shares traded)	High Price	Low Price
Apr-19	3.55	2.52	101166	39487.45	38460.25
May-19	3.49	2.43	77191	40124.96	36956.1
Jun-19	2.95	1.95	113157	40312.07	38870.96
Jul-19	2.64	1.79	61602	40032.41	37128.26
Aug-19	1.72	1.43	27490	37807.55	36102.35
Sep-19	1.7	1.43	33122	39441.12	35987.8
Oct-19	1.4	0.95	44402	40392.22	37415.83
Nov-19	1.12	0.75	65267	41163.79	40014.23
Dec-19	0.88	0.7	41673	41809.96	40135.37
Jan-20	0.99	0.65	27442	42273.87	40476.55
Feb-20	0.66	0.57	14626	41709.3	38219.97
Mar-20	0.63	0.45	24352	39083.17	25638.9

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



**j) Share transfer system:**

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

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 01, 2019, can do so only in dematerialized form. We request you to Dematerialize your physical shares for ease of transfer.

**k) Categories of shareholders as on March 31, 2020:**

Shareholders	As on 31.03.2020		As on 31.03.2019	
	No. of Shares	%	No. of Shares	%
Promoters	25040888	57.30	25040888	57.30
Financial Institutions and Banks	6735	0.02	-	-
Private corporate bodies	5127544	11.73	5968366	13.66
Indian Public	13462307	30.80	12629489	28.90
NRI/OCB	66169	0.15	64900	0.15
<b>Total</b>	<b>43703643</b>	<b>100</b>	<b>43703643</b>	<b>100</b>

**l) Distribution of Shareholding as on March 31, 2020:**

Shareholding	Total no of shareholders	% to total shareholders	Total No of shares	% to total capital
1-500	13892	78.34	2279964	5.22
501-1000	1934	10.91	1594792	3.65
1001 – 2000	954	5.38	1493239	3.42
2001 – 3000	291	1.64	752952	1.72
3001 – 4000	170	0.96	620033	1.42
4001 – 5000	125	0.70	595207	1.36
5001 – 10000	215	1.21	1658949	3.80
10001 - above	151	0.85	34708507	79.42
<b>Total</b>	<b>17732</b>	<b>100.00</b>	<b>43703643</b>	<b>100.00</b>

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

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

**Status of Dematerialization of shares as on March 31, 2020:**

Held in NSDL: 2,34,96,553 shares

Held in CDSL: 2,01,81,647 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@vccilindia.com

**q) Plant Loactions:**

**Kamareddy Unit**

Adloor Yellareddy Village,  
Sadasiyanagar Mandal,  
Kamareddy District,  
Telangana - 503145  
Phone : (08468) 203331

**Nizamsagar Unit**

Maagi Village,  
Nizamsagar Mandal,  
Kamareddy District,  
Telangana - 503302  
Phone : (08465) 275577

**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. Danveer Singh, 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. The Company has not received any compliant via scores portal during the Financial Year 2019-20.

**12. 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.

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

During the Financial Year 2019-20, the total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to MOS & Associates, Statutory Auditors of the Company is as under:

Consolidated fees paid to statutory auditors:

(Rs. in lakhs)

Particulars	Amount
Services as statutory auditors	6.00
Other services	0.25
<b>Total</b>	<b>6.25</b>

**14. 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.

**A. 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 2019-20.

**3. Audit Qualifications:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2020 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.

**5. 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.

## **6. Details of Corporate Policies**

<b>Particulars</b>	<b>Website Details/link</b>
Composition and Profile of the Board of Directors	<a href="http://www.gayatrisugars.com/BoardofDirectors.html">http://www.gayatrisugars.com/BoardofDirectors.html</a> <a href="http://www.gayatrisugars.com/BoardofDirectors.html">http://www.gayatrisugars.com/BoardofDirectors.html</a>
Terms and conditions of appointment of Independent Directors	
Code of Conduct	<a href="http://www.gayatrisugars.com/pdf/CG/Code_Of_Conduct.pdf">http://www.gayatrisugars.com/pdf/CG/Code_Of_Conduct.pdf</a>
Nomination, Remuneration and Evaluation Policy	<a href="http://www.gayatrisugars.com/pdf/CG/Nomination_RemunerationAndEvaluationPolicy.pdf">http://www.gayatrisugars.com/pdf/CG/Nomination RemunerationAndEvaluationPolicy.pdf</a>
Familiarization Programme for Independent Directors	<a href="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</a>
Code of Practices and Procedures for fair disclosure of UPSI	<a href="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</a>
Policy on Materiality of Related Party Transactions and On Dealings with Related Party Transactions	<a href="http://www.gayatrisugars.com/pdf/CG/Related_Party_Transaction_Policy.pdf">http://www.gayatrisugars.com/pdf/CG/Related_Party_Transaction_Policy.pdf</a>
Policy On Determining Materiality Of Events Policy	<a href="http://www.gayatrisugars.com/pdf/CG/PolicyOn DeterminigMaterialityOfEventsPolicy.pdf">http://www.gayatrisugars.com/pdf/CG/PolicyOn DeterminigMaterialityOfEventsPolicy.pdf</a>
Corporate Social Responsibility Policy	<a href="http://www.gayatrisugars.com/pdf/CG/Corporate_Social_Responsibility_Policy.pdf">http://www.gayatrisugars.com/pdf/CG/Corporate_Social_Responsibility_Policy.pdf</a>
Risk Policy and Procedures	<a href="http://www.gayatrisugars.com/pdf/CG/RiskPolicyAndProcedures.pdf">http://www.gayatrisugars.com/pdf/CG/RiskPolicyAndProcedures.pdf</a>
Whistle Blower Policy	<a href="http://www.gayatrisugars.com/pdf/CG/WhistleBlowerPolicy.pdf">http://www.gayatrisugars.com/pdf/CG/WhistleBlowerPolicy.pdf</a>
Archival Policy	<a href="http://www.gayatrisugars.com/pdf/CG/ArchivalPolicy.pdf">http://www.gayatrisugars.com/pdf/CG/ArchivalPolicy.pdf</a>

## **Certificate on Compliance of Corporate Governance**

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

I have examined the compliance of the conditions of Corporate Governance by M/s. Gayatri Sugars Limited CIN: L15421TG1995PLC020720 ('the Company') for the year ended on March 31, 2020, 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 our 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, 2020.

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: 18.06.2020

Sd/-  
**Y. KOTESWARA RAO**  
ACS No.:3785  
C.P. No.: 7427  
UDIN Number: A003785B000352971

## **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(As per clause C of Schedule V of the Securities Exchange Board of India  
(Listing Obligations and Disclosure Requirement) Regulations, 2015  
read with regulation 34(3) of the said Listing Regulations).

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, 2020 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.

S.No.	Name	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
7.	Venkata Narayana Rao Paluri	07378105	11/02/2020

\* Resigned w.e.f. 14th November, 2019.

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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: 18.06.2020

**Sd/-**  
**Y. KOTESWARA RAO**  
**ACS No.:3785**  
**C.P. No.: 7427**  
**UDIN: A003785B000352936**

## 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 (herein after called the "CSR") Policy on August 14th, 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. R. S. Bhalerao (Chairman), 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. However, Gayatri Sugars limited carry out CSR Activities on its own.

#### 3. Financial details:

(Rs. in Lakhs)

Particulars	Amount
Average Net profits of the Company for the last three financial years	(1,145.15)
Prescribed CSR Expenditure (2% of the average net profits)	-
Details of CSR spent during the financial year	
a. Amount to be spent for the financial year	-
b. Amount spent	6.33
c. Amount unspent, if any	-

#### 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	Public Health Arranging for safe drinking water	Purchase and installation of RO Plant	Komalancha Village Bhanswada Mandal, Kamareddy Village	3.07	Direct
2.	A) Public Health Arrangement for fogging	Purchase of fogging machines and undertaking fogging activity	Adloor Yellareddy village, Markal village	2.30	Direct
	B) Renovation of Seating arrangements in School	Renovation of Seating arrangements in ZP School	Adloor Yellareddy, Village,	0.96	Direct
<b>TOTAL</b>				<b>6.33</b>	

**5. Responsibility Statement**

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

Sd/-

**R. S. Bhalerao**  
Chairman of CSR Committee  
DIN: 07652493

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**

**a) Managerial Remuneration:**

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

Sl.	Name of the Director	Remuneration for Financial Year (Rs. In Lakhs)		% increase in Remuneration	Ratio of the Remuneration to the median Remuneration of the employees
		2019-20	2018-19		
	Managing Director/KMP	2019-20	2018-19		
1	Mrs. T. Sarita Reddy	48.00	48.00	Nil	20:1
2	Mr. V. R. Prasad	21.01	20.33	3.37	-
3	*Mr. Chetan Kr. Sharma	3.08	4.35	6.21	-
4	#Mr. Danveer Singh	0.53	NIL	Not Applicable	-

\*Ceased to be Company Secretary & Compliance Officer w.e.f close of working hours on December 03rd, 2019.

# Appointed as Company Secretary & Compliance Officer w.e.f February 12, 2020.

- (ii) The percentage increase in the median remuneration of employees in the financial year 2019-20: **27.75**
- (iii) The number of permanent employees on the rolls of company March 31, 2020: **616**
- (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 5.02% and there was no 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 19-20 (in Rs.)	Age	Educational Qualification	Date of Joining	Last Employment held	Experience (in years)
T. Sarita Reddy*	Managing Director	4800000	48	B.Com, MBA	27/10/2006	--	16
V.R. Prasad	C F O	2101200	61	M.Com, PG Diploma in BM, CS	09/05/2012	Gayatri Projects Limited	40
T. Venugopal Rao	Vice President	2009888	58	B. Sc (Agriculture)	23/09/1998	Ponni Sugars Ltd	35
G. Satyanarayana Reddy	Vice President	1800692	62	B. Sc , ANSI	17/09/2006	Nizam Deccan Sugars Ltd, Bodhan	41
B. Sankara Rao	President	1455900	48	Diploma CE, AMIE, MBA	16/08/1995	--	25
P. Malakondaiah	General Manager (f&a)	1396444	67	M.Com, PG Diploma in FA	18/10/2004	Shree Vaani Sugars Ltd, Punganuru	43
D. Veeraju	SR.GM (ENGG)	1233600	67	Diploma Mechanical Engineering, BOE	30/08/2013	Prudential Sugars Limited, Puttur	43
Kadam Venkat Rao	SR. GM (CANE)	1210800	61	B. Sc (Agriculture)	04/12/2011	Nizam Deccan Sugars Ltd, Medak	38
S Murali Krishna	A G M (PP&A)	1184456	39	B. Sc(MPC)	14/07/2008	Matrix Agri Sciences Private Limited	17
M. Raja Babu	GM (ENGG)	1113080	65	Diploma Mechanical Engineering,	16/11/2012	NSL Sugars LTD.	39

\*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 : 18.06.2020

## 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, 2020, 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, 2020, 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 28.15 of the Standalone Financial Statements which states that during the year the company has incurred a loss of ₹ 2,772.29 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 ₹ 13,773.01 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.

**Emphasis of Matters**

(Note Nos. referred hereunder are with reference to respective Notes forming part of the Standalone Financial Statements)

We draw attention to the following matters :

- i) As states of Note No. 28.14, regarding petition filed by Sugar Development Fund (SDF) through it Monitoring Institution IFCI Limited for recovery of Principal amount along with accrued interest thereon.
- ii) As stated in Note No. 28.18, which describes the uncertainties and the possible effects of Covid-19 on the operations of the Company.

Our opinion is nto 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.

Key Audit Matter	Audit Process
<p><b>Verification of Stock as at 31st March, 2020</b></p> <p>As at 31st March 2020 the company has significant amount of close stock ₹ 7,574.56 lakhs which constitute the significant portion of currect assets of the company</p> <p>On account of the COVID-19 related lock-down restrictions, management was able to perform year end physical verification of inventories, subsequent to the year end. Also, we were not able to physically observe the verification of inventory that was carried out by the Management.</p>	<p>We have performed alternate procedures to audit the existence of Inventory and have obtained sufficient audit evidence as below;</p> <ul style="list-style-type: none"> <li>a) Obtained the detailed breakup of the stock is hand as as 31st March, 2020 compared the same with Production details and sales report for the period.</li> <li>b) Obtained management physical verification stock report as 31st March, 2020 and checked if any discrepancies in stock has been properly dealt with.</li> </ul>

**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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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

Sd/-

**Oommen Mani**

Partner

Membership No. 234119

UDIN : 20234119AAAABK1649

Place : Hyderabad  
Date : 18<sup>th</sup> June, 2020

## **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, 2020, 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 not been regularly deposited during the year by the Company with appropriate statutory authorities through the delays in deposit have not been serious.
  - 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, 2020 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 defaulted in repayment of loans or borrowings to financial institution, bank or Government as on the Balance Sheet date, as under.

Lender name	Principal ₹ in lakhs	Period of default (In days)	Interest ₹ in lakhs	Period of default (In days)
Andhra Bank – Soft Loan	24.38	28-64	7.79	56-92
Andhra Bank – Corporate Loan	26.52	27-63	5.82	56-92
Union Bank of India – Soft Loan	14.91	17-65	4.44	10-92
Bank of Baroda – Soft loan	13.33	33-64	4.23	61-92
Bank of Baroda – Corporate Loan	14.49	33-64	4.60	61-92
Sugar Development Fund Term Loan	1,991.60	557-2325	1,837.74	557-2325

- (ix) According to the information and explanations given to us and based on our examination of records, The Company has not raised any money from public by way of initial public offer, further public offer or term loans. Hence paragraph 3(ix) of the Order is not applicable for the current year under report.
- (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, as stated in note no 21.17 of the Standalone Financial Statements, the company is in the process of obtaining the approval from the lenders and the ratification from shareholders in accordance the provisions of Section 197 read with Schedule V to the Act for the remuneration paid by the company for the year ended 31<sup>st</sup> March, 2020.

## ***Twenty Fifth Annual Report***

- (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 give 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

Sd/-  
**Oommen Mani**  
Partner  
Membership No. 234119  
UDIN : 20234119AAAABK1649

Place : Hyderabad  
Date : 18<sup>th</sup> June, 2020

**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”)****Qualified Opinion**

We have audited the internal financial controls over financial reporting of **Gayatri Sugars Limited** (“the Company”) as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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 below 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, 2020, 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, 2020, 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.

**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 2020 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.

**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.

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

Sd/-  
**Oommen Mani**  
Partner  
Membership No. 234119  
UDIN : 20234119AAAABK1649

Place : Hyderabad  
Date : 18<sup>th</sup> June, 2020

## BALANCE SHEET AS AT 31st MARCH, 2020

Particulars	Note No.	As at 31st March, 2020 ₹ in lakhs	As at 31st March, 2019 ₹ in lakhs
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant and Equipment	2	9,620.89	10,653.84
(b) Capital Work in Progress	2	9.78	7.78
(c) Intangible Asset	2	0.11	1.13
(d) Financial Asset			
(i) Other Financial Assets	3	80.93	80.49
(e) Other non current assets	4	-	255.39
<b>Total Non-Current Assets</b>		<b>9,711.71</b>	<b>10,998.63</b>
<b>Current assets</b>			
(a) Inventories	5	7,574.56	12,032.60
(b) Financial Asset			
(i) Trade receivables	6	1,251.96	2,776.69
(ii) Cash and cash equivalents	7	171.55	213.88
(iii) Other bank balances	8	-	136.77
(c) Other Current Assets	9	1,030.13	1,105.63
<b>Total Current Assets</b>		<b>10,028.20</b>	<b>16,265.57</b>
<b>TOTAL ASSETS</b>		<b>19,739.91</b>	<b>27,264.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Share capital	10	4,370.05	4,370.05
(b) Other Equity	11	(16,680.72)	(13,840.10)
<b>Total Equity</b>		<b>(12,310.67)</b>	<b>(9,470.05)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	7,810.25	8,319.39
(ii) Other Financial Liabilities	13	59.39	56.98
(b) Provisions	14	379.73	305.51
<b>Total Non-Current Liabilities</b>		<b>8,249.37</b>	<b>8,681.88</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	6,969.44	6,889.58
(ii) Trade payables	16	6,531.29	12,064.67
(iii) Other Financial Liabilities	17	8,861.84	8,367.54
(b) Other Current Liabilities	18	1,291.74	623.87
(c) Provisions	19	146.90	106.71
<b>Total Current Liabilities</b>		<b>23,801.21</b>	<b>28,052.37</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,739.91</b>	<b>27,264.20</b>

Coporate information and Significant accounting policies 1  
Other notes forming part of the Financial Statements 28

As per our report attached

**For M O S & Associates LLP**

Chartered Accountants

Sd/

**Oommen Mani**

Partner

Place : Hyderabad

Date : 18th June, 2020

**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/-

**Danveer Singh**

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2020**

Particulars	Note No.	For the Year Ended 31st March, 2020 ₹ in lakhs	For the Year Ended 31st March, 2019 ₹ in lakhs
I Revenue from operations	20	28,172.58	31,167.93
II Other income	21	18.85	30.18
III <b>Total revenue (I+II)</b>		<b>28,191.43</b>	<b>31,198.11</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	22	17,331.18	26,376.84
(b) Purchases of Stock-in-Trade	23	438.18	245.06
(c) Changes in inventories of finished goods, work-in-progress and Stock in Trade	24	4,369.95	(2,729.71)
(d) Employee benefits expense	25	1,909.80	1,813.87
(e) Finance costs	26	2,412.67	2,351.14
(f) Depreciation and amortisation expense	2	1,035.06	1,015.90
(g) Other expenses	27	3,466.88	4,071.67
<b>Total expenses (IV)</b>		<b>30,963.72</b>	<b>33,144.77</b>
<b>V Profit/(Loss) before Exceptional items and Tax (III-IV)</b>		<b>(2,772.29)</b>	<b>(1,946.66)</b>
VI Exceptional items		—	—
<b>VII Profit / (Loss) before tax (V-VI)</b>		<b>(2,772.29)</b>	<b>(1,946.66)</b>
VIII Tax expense		—	—
<b>IX Profit for the year (VII-VIII)</b>		<b>(2,772.29)</b>	<b>(1,946.66)</b>
<b>X 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		(68.33)	162.93
ii) Income tax relating to items that will not be reclassified to profit or loss		—	—
<b>Total Other Comprehensive Income (X)</b>		<b>(68.33)</b>	<b>162.93</b>
<b>XI Total Comprehensive Income for the Year (IX+X)</b>		<b>(2,840.62)</b>	<b>(1,783.73)</b>
<b>XII Earnings per equity share (of ₹ 10/- each)</b>			
Basic (₹)	28.09	(6.34)	(4.45)
Diluted (₹) (*Antidilutive)	28.09	*(6.34)	*(4.45)
<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 : 18th June, 2020

**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/-  
**Danveer Singh**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020**

Particulars	For the Year Ended 31st March, 2020 ₹ in lakhs	For the Year Ended 31st March, 2019 ₹ in lakhs
<b>Cash flow from operating activities:</b>		
Profit before tax	(2,772.29)	(1,946.66)
Adjustments for:		
Depreciation and amortization expenses	1,035.06	1,015.90
Finance costs	2,412.67	2,351.14
Interest income	(1.52)	(4.33)
<b>Operating profit before working capital changes</b>	<b>673.92</b>	<b>1,416.05</b>
Adjustments for:		
(Increase) / Decrease in Trade Receivables	1,524.73	(1,873.68)
(Increase) / Decrease in non-current financial asset	—	0.36
(Increase) / Decrease in Other current assets	75.50	235.65
(Increase) / Decrease in Other non-current assets	255.39	262.87
(Increase) / Decrease in Inventory	4,458.04	(2,761.78)
Increase / (Decrease) in non-current financial liabilities	2.41	(207.13)
Increase / (Decrease) in current financial liabilities	391.69	(1,099.17)
Increase / (Decrease) in other current liabilities	667.87	(429.53)
Increase / (Decrease) in provisions	46.08	47.31
Increase / (Decrease) in Trade Payables	(5,533.38)	7,784.43
<b>Cash generated from operations</b>	<b>2,562.26</b>	<b>3,375.38</b>
Direct tax paid (net of refunds)	-	-
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>2,562.26</b>	<b>3,375.38</b>
<b>Cash flow from investing activities</b>		
Capital expenditure on fixed assets	(3.09)	(125.99)
Fixed deposits placed	(0.44)	(4.44)
Changes in other Bank Balances	136.77	(132.53)
Interest received	1.52	4.33
<b>Net cash used in investing activities (B)</b>	<b>134.76</b>	<b>(258.63)</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term borrowings	(708.22)	(1,089.03)
Proceeds from short-term borrowings	79.86	(13.23)
Interest and other borrowing cost paid	(2,110.99)	(2,785.41)
<b>Net cash (used in)/ flow from financing activities (C)</b>	<b>(2,739.35)</b>	<b>(3,887.67)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(42.33)</b>	<b>(770.92)</b>
Cash and Cash equivalents at the beginning of the year	213.88	984.80
Cash and Cash equivalents as at the end of year	171.55	213.88

**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 : 18th June, 2020

**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/-  
**Danveer Singh**  
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, 2020 (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	28,191.09	28,191.09
	2	Total Expenditure	30,963.73	31,133.73
	3	Net Profit/(Loss)	(2,772.30)	(2,942.30)
	4	Earnings Per Share Basic Diluted (₹) (*Anti Dilutive)	 (6.34) *(6.34)	 (6.73) *(6.73)
	5	Total Assets	19,739.91	19,739.91
	6	Total Liabilities	32,050.59	32,220.59
	7	Net Worth	(12,250.48)	(12,420.48)
	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 3. 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: <del>Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion:</del></p> <p>c. Frequency of Qualification: <del>Whether appeared first time/Repetitive/ Since how long continuing:</del> 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, 2020 which is disclosed as an Exceptional Item (Refer Note below). Accordingly, the liabilities as at March 31, 2020 will increase and the net-worth as at March 31, 2019 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:	Sd/-
	Managing Director	Sd/-
	CFO	Sd/-
	Audit Committee Chairman	Sd/-
	Statutory Auditor	Sd/-
	Place: Hyderabad	—
	Date: 18th June, 2020	—

**Twenty Fifth Annual Report**

**GAYATRI SUGARS LIMITED  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

**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, 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 : Cuumulative Finance Cost on <b>Preference Shares</b>	-	-	(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>
<b>As at 01st April, 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>
Changes in Equity Share Capital	-	-	-	-	-
Surplus / (Deficit) for the year	-	-	(2,772.29)	-	(2,772.29)
Other comprehensive income	-	-	-	(68.33)	(68.33)
<b>As at 31st March, 2020</b>	<b>4,370.05</b>	<b>215.84</b>	<b>(16,836.37)</b>	<b>(60.19)</b>	<b>(12,310.67)</b>

As per our report attached

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

Sd/  
**Oommen Mani**  
Partner

Place : Hyderabad  
Date : 18th June, 2020

**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/-  
**Danveer Singh**  
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**

The company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. There are no leases entered by the company.

### **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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(Rs. in lakhs)

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)		Total (B)	Total(A+B)
<b>I Gross Block</b>										
Balance at April 1, 2018	333.95	3,660.78	22,320.67	20.66	104.47	91.42	26,531.95	2.07	26,534.02	172.56
Additions	-	1.68	287.63	-	0.72	0.74	290.77	-	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	26,824.79	7.78
Balance at 1st April, 2019	333.95	3,662.46	22,608.30	20.66	105.19	92.16	26,822.72	2.07	26,824.79	7.78
Additions	-	-	-	-	-	1.09	1.09	-	1.09	2.00
Deletions/Capitalised	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2020	333.95	3,662.46	22,608.30	20.66	105.19	93.25	26,823.81	2.07	26,825.88	9.78
<b>II Depreciation and impairment</b>										
Balance as at 1st April, 2018	-	1,751.02	13,220.83	20.50	82.10	78.63	15,153.08	0.84	15,153.92	-
Eliminated on disposals	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	113.41	897.80	0.02	3.60	0.97	1,015.80	0.10	1,015.90	-
At March 31, 2019	-	1,864.43	14,118.63	20.52	85.70	79.60	16,168.88	0.94	16,169.82	-
Balance as at 1st April, 2019	-	1,864.43	14,118.63	20.52	85.70	79.60	16,168.88	0.94	16,169.82	-
Eliminated on disposals	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	113.79	909.24	0.04	3.17	7.80	1,034.04	1.02	1,035.06	-
At March 31, 2020	-	1,978.22	15,027.87	20.56	88.87	87.40	17,202.92	1.96	17,204.88	-
<b>III Net Block</b>										
At March 31, 2019	333.95	1,798.03	8,489.67	0.14	19.49	12.56	10,653.84	1.13	10,654.97	7.78
At March 31, 2020	333.95	1,684.24	7,580.43	0.10	16.32	5.85	9,620.89	0.11	9,621.00	9.78

**Financial Assets**

(₹ in lakhs)

**3 Other financial assets**

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Deposits with Govt. Depts and others (Unsecured and considered good)	73.01	73.01
b. Margin Money Deposits against Bank Guarantees (having maturity more than 12 months from Balance Sheet date)	7.92	7.48
<b>Total</b>	<b>80.93</b>	<b>80.49</b>

3(a) Margin Money Deposits against Bank Guarantees includes interest accrued on the Margin Money Deposit amounting to ₹ 0.44 lakhs as at 31/03/2020 (0.23 Lakhs as at 31/03/2019)

**4 Other non current assets**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Cane development incentive (Refer Note No. 4(a))	—	255.39
<b>Total</b>	<b>—</b>	<b>255.39</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, 2020	As at 31st March, 2019
a. Finished goods	6,362.15	10,563.57
b. Stock-in-trade	27.12	67.24
c. Stores and spares	438.09	526.19
d. By-Products	747.20	875.60
<b>Total</b>	<b>7,574.56</b>	<b>12,032.60</b>
(i) <b>Finished goods</b>		
a. Sugar	5,094.24	10,379.84
b. Rectified spirits and ethanol	1,267.87	183.61
c. Carbondi-oxide (CO2)	0.04	0.12
<b>Total</b>	<b>6,362.15</b>	<b>10,563.57</b>
(ii) <b>By products</b>		
a. Molasses	383.56	466.63
b. Molasses in distillery	237.88	118.30
c. Bagasse	85.76	216.02
d. Filter cake	30.00	69.44
e. Ash	10.00	5.21
<b>Total</b>	<b>747.20</b>	<b>875.60</b>

**Financial Assets**

**6 Trade Receivables**

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured and considered good	1,251.96	2,776.69
<b>Total</b>	<b>1,251.96</b>	<b>2,776.69</b>

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

Particulars	As at 31st March, 2020	As at 31st April, 2019
a. Cash on hand	1.14	1.08
b. Balances with bank - In current accounts	170.41	212.80
<b>Total</b>	<b>171.55</b>	<b>213.88</b>

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

Particulars	As at 31st March, 2020	As at 31st April, 2019
In earmarked accounts : Margin Money Deposits against Bank Guarantees	—	136.77
<b>Total</b>	<b>—</b>	<b>136.77</b>

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

Particulars	As at 31st March, 2020	As at 31st April, 2019
a. Advances to suppliers and others		
Considered good	394.26	317.12
Considered doubtful	41.81	—
less: Provision for doubtful advances	(41.81)	—
b. Loans and advances to employees	12.18	16.94
c. GST credit receivable	0.22	8.64
d. Deposits with Govt departments	8.98	8.68
e. Prepaid expenses	84.04	80.59
f. Security deposit	259.62	388.26
g. Cane development incentive (Refer Note No. 4(a))	259.13	262.87
h. Interest subvention on excise duty term loan	11.70	22.53
<b>Total</b>	<b>1,030.13</b>	<b>1,105.63</b>

**10 Share capital**

( ₹ in lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	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
Preference shares of ₹10/- each	45,000,000	4,500.00	45,000,000	4,500.00
	<b>110,000,000</b>	<b>11,000.00</b>	<b>110,000,000</b>	<b>11,000.00</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, these shares owing to the nature of such instrument i.e., Mandatory redemption (6% Cumulative Redeemable Preference Shares) have been reclassified as "Financial Liability" as per requirement of Indian Accounting Standards.

**(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, 2020		As at 31st March, 2019	
	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. 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, 2020		As at 31st March, 2019	
	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%	4,698,257	10.75%
T. Indira Subbarami 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:**

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- 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, 2020	As at 31st April, 2019
- Number of shares	6,275	6,275
- Unpaid amount (₹)	31,375	31,375

**11 Other Equity**

(₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>a. Securities Premium Account</b>		
Opening balance	215.84	215.84
Add: Premium received on Shares issued	—	—
Closing balance	215.84	215.84
<b>b. Retained earnings</b>		
Opening balance	(14,064.08)	(11,433.68)
Add : Surplus / (Deficit) for the year	(2,772.29)	(1,946.66)
Add : Cumulative Finance Cost on Preference Shares	-	(683.74)
Closing balance	(16,836.37)	(14,064.08)
<b>c. Other Comprehensive Income (OCI)</b>		
Opening balance	8.14	(154.79)
Add : Movement in OCI (Net) during the year	(68.33)	162.93
Closing balance	(60.19)	8.14
<b>Total (a+b+c)</b>	<b>(16,680.72)</b>	<b>(13,840.10)</b>

**Non-Current Liabilities**

( ₹ in lakhs)

**12 Borrowings**

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Non-Current	Current*	Non-Current	Current*
<b>Carried at amortised cost</b>				
<b>Secured</b>				
a. Non-Convertible Debentures 69,50,500 (March 31, 2019: 69,50,500); 4% non-convertible, redemable debentures of ₹10 each.	486.53	208.52	695.05	—
b. Term Loans from Banks	509.85	519.96	883.80	923.88
from Sugar Development Fund (SDF) (Refer Note : 28.14)	—	1,991.60	—	1,991.60
c. Vehicle loan	—	1.12	0.37	4.80
<b>Unsecured</b>				
a. Cumulative redeemable preference shares (Refer note: 28.4)	4,114.70	—	4,114.70	—
b. Cumulative liability on preference Shares	1,177.50	—	930.62	—
c. Loans from others	1,521.67	—	1,694.85	—
<b>Total</b>	<b>7,810.25</b>	<b>2,721.20</b>	<b>8,319.39</b>	<b>2,920.28</b>

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

**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.

Terms of Redemption: "Redeemable in three instalments from the date of issue i.e. March 14, 2017 in the ratio of 30:30 and 40 at the end of 4th, 5th and 6th year respectively and along with interest accrued thereon on the value of debentures redeemable.

**12.2 Term Loans (Soft Loan and Corporate Loan)**

**A Primary Security**

First pari-passu charge on all chargeable current assets of the company.

**B Collateral Security**

**1. Corporate Term Loan and Soft Loan**

- a. 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.
- b. 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.
- c. First pari-passu charge on Pledge on 79 lacs of shares of M/s Gayatri Sugars Ltd belonging to Smt. T. Indira Subbarami 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 (SDF)**

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%.

**12.4 Vehicle Loan**

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

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Borrowings (contd.)

### 12.5 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.

### 12.6 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%.

### 12.7 Maturity Profile of long term borrowings is set out below:

As at 31st March, 2020

(₹ in lakhs)

Particulars	Due	2020-21	2021-22	2022-23 onwards
<b>a) Secured Loans</b>				
Non-Convertible Debentures	-	208.52	208.52	278.01
Term Loans	93.63	426.33	509.85	-
Vehicle Loan	-	1.12	-	-
<b>Total</b>	<b>93.63</b>	<b>635.97</b>	<b>718.37</b>	<b>278.01</b>
<b>b) Un-Secured Loans</b>				
Cumulative redeemable preference shares	-	-	2,500.00	1,614.70
Cumulative liability on preference shares	-	-	807.53	369.97
Loans from Others	-	-	1,521.67	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,829.20</b>	<b>1,984.67</b>

**Non-Current Liabilities**

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

S.no.	Term Loans	As at 31st March, 2020		As at 31st March, 2019	
		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	Andhra Bank – Soft Loan	28 to 64	24.38	4 to 59	24.27
3	Andhra Bank – Corporate Loan	27 to 63	26.52	0 to 58	26.40
4	Union Bank of India – Soft Loan	17 to 65	14.91	-	-
5	Bank of Baroda - Excise duty term loan	41 to 57	-	7 to 62	9.67
6	Bank of Baroda – Soft loan	33 to 64	13.33	2 to 60	6.67
7	Bank of Baroda – Corporate Loan	33 to 64	14.49	2 to 60	7.25
8	Punjab National Bank - Excise duty term loan	-	-	6 to 45	4.99
9	Punjab National Bank – Soft Loan	-	-	4 to 32	3.43
10	Punjab National Bank - Corporate loan	-	-	0 to 44	3.73
11	State Bank of India – Excise duty term loan	-	-	21 to 82	16.12
12	State Bank of India – Soft loan	-	-	0 to 63	11.13
13	State Bank of India – Corporate Loan	-	-	8 to 44	12.10
14	Sugar Development Fund Term Loan	557 to 2325	1,991.60	191 to 1959	1,991.60
<b>Interest</b>					
1	Andhra Bank – Excise duty term loan	-	-	24 to 87	0.79
2	Andhra Bank – Soft Loan	56 to 92	7.79	56 to 92	8.49
3	Andhra Bank – Corporate Loan	56 to 92	5.82	56 to 92	7.14
4	Union Bank of India – Soft Loan	10 to 92	4.44	-	-
5	Bank of Baroda – Excise duty term loan	-	-	10 to 87	0.67
6	Bank of Baroda – Soft loan	61 to 92	4.23	10 to 88	3.04
7	Bank of Baroda – Corporate Loan	61 to 92	4.60	10 to 88	3.31
8	Punjab National Bank – Excise Duty Term Loan	-	-	3 to 60	0.37
9	Punjab National Bank – Soft Loan	-	-	3 to 60	1.14
10	Punjab National Bank - Corporate loan	-	-	3 to 60	0.73
11	State Bank of India – Excise duty term loan	-	-	24 to 80	0.65
12	State Bank of India – Soft loan	-	-	24 to 80	4.92
13	State Bank of India – Corporate Loan	-	-	24 to 89	2.35
14	Sugar Development Fund Term Loan	557 to 2325	1,873.74	191 to 1959	1,520.07

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

( ₹ in lakhs)

Particulars	As at	As at
	31 March, 2020	31 March, 2019
a. Interest accrued but not due on non-convertible debentures	<b>59.39</b>	56.98
<b>Total</b>	<b>59.39</b>	56.98

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### 14 Provisions - Non-current ( ₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Employee benefits (Refer note no. 28.7)	379.73	305.51
<b>Total</b>	<b>379.73</b>	<b>305.51</b>

### 15 Borrowings - Current ( ₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured		
a. Loan repayable on demand from banks	6,831.54	6,822.58
b. Unsecured		
Repayable on demand From Related Party	137.90	67.00
<b>Total</b>	<b>6,969.44</b>	<b>6,889.58</b>
<b>Notes:</b>		
<b>Loans repayable on demand from banks:</b>		
State Bank of India	1121.99	1,162.48
Bank of Baroda	1359.44	1,359.96
Andhra Bank	2480.87	2,448.12
Punjab National Bank	323.07	354.78
Union Bank of India	1546.17	1,497.23
<b>Total</b>	<b>6,831.54</b>	<b>6,822.58</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

Unsecured Loan from T.V.Sandeep Kumar Reddy (Vice-Chairman) is interest free upto 31/03/2020 and repayable on or before 30/11/2020, if the said loan is not repaid on or before 30/11/2020 at the request of the Company (Borrower) the said loan can be treated as long-term loan and shall be repaid by 30/11/2022. Interest rate is 9.5% per annum or any rate as may be mutually decided with effect from 01/04/2020 and interest shall be paid quarterly.

Unsecured Loan from Deep Corporation Private Limited is interest free upto 31/03/2020 and repayable on or before 31/10/2020, if the said loan is not repaid on or before 30/11/2020 at the request of the Company (Borrower) the said loan can be treated as long-term loan and shall be repaid by 31/10/2022. Interest rate is 9.5% per annum or any rate as may be mutually decided with effect from 01/04/2020 and interest shall be paid quarterly.

**16 Trade payables** ( ₹ in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables*	6,531.29	12,064.67
<b>Total</b>	<b>6,531.29</b>	<b>12,064.67</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, 2020	As at 31st March, 2019
a. Current maturities of long-term debt	521.08	928.68
b. Current maturities of Non Convertible Debentures	208.52	-
- c. SDF loan principal and interest due (Refer Note: 28.14)	3,865.34	3,511.68
d. Crop loan	3804.08	3,412.39
e. Interest accrued but not due on non-convertible debentures	25.46	-
f. Interest accrued but not due on Term Loans	16.40	0.45
g. Interest accrued and due on Term Loans	26.86	35.92
h. Interest accrued and due on Unsecured Loan	62.86	217.28
i. Interest accrued and due on crop loan	331.24	261.14
<b>Total</b>	<b>8,861.84</b>	<b>8,367.54</b>

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Statutory payables	387.43	87.73
b. Advances from customers	416.33	142.36
c. Other payables	487.98	393.77
<b>Total</b>	<b>1,291.74</b>	<b>623.87</b>

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Employee benefits	138.87	98.68
b. Provision for tax on preference dividend**	8.03	8.03
<b>Total</b>	<b>146.90</b>	<b>106.71</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 dividend 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, 2020	For the year ended 31st March, 2019
a. Sale of products (Refer Note (i) below)	28,123.78	31,085.26
b. Other operating revenues (Refer Note (ii) below)	48.80	82.67
<b>Total</b>	<b>28,172.58</b>	<b>31,167.93</b>

Notes:

(i) Sale of products comprises

**Manufactured goods**

Sugar	23,710.47	24,627.41
Rectified spirit	32.29	164.65
Impured spirit	38.86	29.62
Ethanol	3,157.63	4,684.31
Power	698.86	1,194.49
Carbondi-oxide- CO2	20.80	23.44
Bagasse	7.92	45.76

**Traded goods**

Fertilizers	478.29	311.35
Acetone	0.16	0.29
Benzene	0.04	0.92
Methanol	2.24	3.02

<b>Total sale of products</b>	<b>28,147.56</b>	<b>31,085.26</b>
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**Less : Sales returns**

<b>Ethanol sale returns</b>	<b>23.78</b>	<b>—</b>
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<b>Net sale of products</b>	<b>28,123.78</b>	<b>31,085.26</b>
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(ii) Other operating revenues comprise:

Sale of scrap	12.09	21.39
Sale of ash	11.49	24.07
Sale of filter cake	25.22	37.21
<b>Total</b>	<b>48.80</b>	<b>82.67</b>

21 Other income

(₹ in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Interest income		
On fixed deposits with banks	1.18	3.98
On electricity deposits	0.34	0.35
b. Insurance claims	0.73	0.62
c. Harvesting machine receipts	16.60	25.23
<b>Total</b>	<b>18.85</b>	<b>30.18</b>

22 Cost of materials consumed

(₹ in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Sugar cane	16,813.41	26,180.98
b. Molasses	376.39	100.36
c. Others	141.38	95.50
<b>Total</b>	<b>17,331.18</b>	<b>26,376.84</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Fertilizers	<b>438.18</b>	245.06
<b>Total</b>	<b>438.18</b>	245.06

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Opening stock		
Finished goods (including by products)	<b>11,439.17</b>	8,643.07
Fertilizers	<b>67.24</b>	133.63
b. Closing Stock		
Finished goods (including by products)	<b>7109.34</b>	11,439.17
Fertilizers	<b>27.12</b>	67.24
<b>(Increase) / Decrease in stock</b>	<b>4,369.95</b>	(2,729.71)

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Salaries and wages	<b>1,728.28</b>	1,619.28
b. Contributions to provident and other funds	<b>103.15</b>	100.55
c. Gratuity	<b>46.76</b>	58.52
d. Staff welfare expenses	<b>31.61</b>	35.52
<b>Total</b>	<b>1,909.80</b>	1,813.87

**26 Finance costs (₹ in lakhs)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Interest expense on:</b>		
a. Term Loan	<b>228.49</b>	379.63
b. Cash Credit	<b>1,058.18</b>	965.14
c. Sugar Development Fund	<b>353.67</b>	288.04
d. Un-secured loan	<b>139.23</b>	161.01
e. Non - convertible debentures	<b>27.88</b>	27.80
f. Others:		
Crop loans	<b>300.71</b>	234.67
g. Finance cost on Preference Shares	<b>246.88</b>	246.88
h. Other borrowing costs	<b>57.63</b>	47.97
<b>Total</b>	<b>2,412.67</b>	2,351.14

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**27 Other expenses**

**( ₹ in lakhs)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Consumption of stores and spare parts	<b>1,037.36</b>	1,693.38
b. Transportation charges	<b>924.46</b>	1,202.73
c. Distillery expenses	<b>63.56</b>	38.01
d. Handling charges	<b>114.53</b>	138.59
e. Power and fuel	<b>205.65</b>	154.06
f. Rent	<b>19.73</b>	19.14
g. Repairs and maintenance	<b>330.59</b>	421.89
h. Insurance	<b>48.47</b>	34.19
i. Rates and taxes	<b>58.95</b>	58.81
j. Communication	<b>11.72</b>	13.39
k. Travelling and conveyance	<b>23.73</b>	19.23
l. Printing and stationery	<b>5.62</b>	5.18
m. Sales commission	<b>66.95</b>	35.48
n. Legal and professional	<b>15.83</b>	19.04
o. Payments to auditors (Refer Note: 28.11)	<b>6.25</b>	6.25
p. Discount on sales	<b>165.85</b>	-
q. Sugar packing expenses	<b>62.28</b>	-
r. Provision for doubtful advances	<b>41.81</b>	-
s. Baddebts Writtenoff	<b>9.80</b>	-
t. Miscellaneous expenses	<b>253.74</b>	212.30
<b>Total</b>	<b>3,466.88</b>	<b>4,071.67</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.

The adoption of Ind AS 116 did not have any impact on the results for the year ended 31st March 2020, as there are no leases entered by the company.

**28.2 Contingent liabilities and commitments**

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Contingent liability		
(a) Excise Duty	80.28	80.28
(b) Bonus payable for 2014-15	38.48	38.48
(c) Electricity duty on captive consumption	283.99	283.99
(ii) Commitments		
(a) Other commitments - for cane purchase agreements for the upcoming crushing season.	12,720.00	16,000.00

**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, 2020 (As at 31 March, 2019 : ₹ Nil)

**28.4 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, 2020	As at 31st March, 2019
<b>A Debt</b>		
(i) Non-Current Borrowings	<b>7,810.25</b>	8,319.39
(ii) Current Maturities/ Dues of Non-Current Borrowings	<b>4,712.80</b>	2,920.28
(iii) Current / Short term Borrowings	<b>6,969.44</b>	6,889.58
(iv) Accrued interest	<b>2,311.10</b>	2,034.87
(v) Crop loan	<b>3,804.08</b>	3,412.39
(vi) Less: Cash and Cash Equivalent	<b>(171.55)</b>	(213.88)
<b>Net Debt (A)</b>	<b>25,436.12</b>	23,362.62
<b>B Equity</b>		
(i) Equity Share Capital	<b>4,370.05</b>	4,370.05
(ii) Other Equity	<b>(16,680.72)</b>	(13,840.10)
<b>Total Equity (B)</b>	<b>(12,310.67)</b>	(9,470.05)
<b>Net Debt to Equity ratio (Gearing Ratio) (A/B)</b>	<b>(2.07)</b>	(2.47)

**28.6 Financial Instruments**

**28.6 A. Categories of financial instruments**

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Financial Assets		
Measured at Amortised cost		
Other Financial Assets	<b>80.93</b>	80.49
Cash and Cash Equivalents	<b>171.55</b>	213.88
Other Bank Balances	—	136.77
b. Financial Liabilities		
Measured at Amortised cost		
Borrowings	<b>25,607.67</b>	23,576.50

**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, 2020 (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	80.93	80.49
Trade Receivables	1,251.96	2,776.69
Cash and Cash Equivalents	171.55	213.88
Other Bank Balances	—	136.77
Financial Liabilities		
Borrowings	14,779.69	15,208.97
Other Financial Liabilities - Non Current	8,921.23	8,424.52
Trade payables	6,531.29	12,064.67

**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, 2020	As at 31st March, 2019
<b>Borrowings</b>		
Non-Current - Floating*	1,029.81	1,807.68
Non-Current - Fixed*	11,493.24	9,431.99
Current	6,969.44	6,889.58

\*(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.

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk.

**(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, 2020, 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, 2020, the Company has incurred a loss of ₹ 2,772.29 Lakhs. The management is confident that in the foreseeable future the financial position of the company will improve.

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

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

**a) As at 31st March, 2020**

(₹ in lakhs)

Particulars	On demand/due	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	9,054.67	635.97	5,018.05	1,614.70	16,322.39
Trade payables	6,531.29	—	—	—	6,531.29
Interest Accrued	2,294.70	1,193.90	59.39	—	3,547.99
Other financial Liabilities	—	3,804.08	—	—	3,804.08
<b>Total</b>	<b>17,880.66</b>	<b>5,633.95</b>	<b>5,077.44</b>	<b>1,614.70</b>	<b>30,206.75</b>

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

Particulars	On demand/due	Less than 1 year	1-5 years	More than 5 years	Total
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	—	3,730.51
<b>Total</b>	<b>22,850.74</b>	<b>4,471.05</b>	<b>6,488.58</b>	<b>1,887.79</b>	<b>35,698.16</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28.6 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 Subbarami 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* Shri Danveer Singh - 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 Allox Minerals Private Limited (Formerly T. Rajeev Reddy Real Estates Developers Private Ltd) Invento Labs Private Limited Maheswari Hotels &Theatres Private Limited Maheswari Film Productions 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.

\*Resigned w.e.f 04/12/2019

#Appointed w.e.f 12/02/2020

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**28.7 Transactions with the related parties**

₹ in lakhs

S.no.	Particulars	Relation/ Designation	Nature of Transaction	2019-20	2018-19
	<b>Transactions with the related parties</b>				
1	Smt. T. Sarita Reddy	Managing Director	Remuneration and reimbursement	48.00	48.00
2	Shri. V.R.Prasad	Chief Financial Officer	Remuneration	21.01	20.33
3	Shri. Chetan Kumar Sharma	Company Secretary	Remuneration	3.08	4.35
	Shri Danveer Singh	Company Secretary	Remuneration	0.53	—
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
			Unsecured interest free loan received (net)	104.05	—
6	Deep Corporation Private Limited	Enterprises in which KMP / Relatives of KMP are interested	Rent and Electricity charges	18.19	17.00
			Unsecured interest free loan received (net)	33.85	—
7	Gayatri Projects Limited	Enterprises in which KMP / Relatives of KMP are interested	Unsecured interest free loan received	(67.00)	67.00
8	TSR Foundation	Trust under Common Management	Contribution towards donation	6.00	6.00
			Unsecured interest free loan received	33.00	—
			Unsecured interest free loan paid	33.00	—
	<b>Related Party Balances</b>				
1	Deep Corporation Private Limited	Enterprises in which KMP / Relatives of KMP are interested	Trade Payables	5.63	0.27
			Unsecured interest free loan	33.85	—
2	Gayatri Projects Limited	Enterprises in which KMP / Relatives of KMP are interested	Short Term Borrowings	—	67.00
3.	Shri T.V. Sandeep Kumar Reddy	Vice Chariaman	Unsecured Interest Free Loan	104.05	—

## Twenty Fifth Annual Report

Notes forming part of the Financial Statements

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

### 28.7 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 ₹103.15 lakhs (31st March, 2019: ₹100.55 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, 2020		31st March, 2019	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present Value of obligations at the beginning of the year	283.81	120.38	440.88	78.93
Current service cost	26.11	13.27	22.92	13.45
Interest cost	20.65	8.04	34.98	5.04
Actuarial losses				
Remeasurements - Due to Financial Assumptions	(56.22)	3.87	6.37	1.65
Remeasurements - Due to Experience Adjustments	102.73	17.95	(214.09)	43.15
Benefits paid	(17.01)	(4.99)	(7.25)	(21.83)
<b>Present Value of obligations at the end of the year</b>	<b>360.07</b>	<b>158.52</b>	<b>283.81</b>	<b>120.38</b>
<b>Components of defined benefit cost recognised in profit or loss</b>				
Current service cost	26.11	13.27	22.92	13.45
Interest cost	20.65	8.04	34.98	5.04
<b>Net cost in profit or loss</b>	<b>46.76</b>	<b>21.31</b>	<b>57.90</b>	<b>18.49</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	(56.22)	3.87	6.37	1.65
Actuarial gains and losses arising from experience adjustment	102.73	17.95	(214.09)	43.15
<b>Net Cost in Other Comprehensive Income</b>	<b>46.51</b>	<b>21.82</b>	<b>(207.72)</b>	<b>44.80</b>
<b>Actuarial assumptions</b>				
Discount rate	6.77%	6.77%	7.63%	7.60%
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			
	(₹ in lakhs)			
Particulars	2019-20	2018-19	2017-18	2016-17
Gratuity				
Present value of obligation	360.07	283.81	348.07	170.77
Compensated Absences				
Present value of obligation	158.52	120.38	55.11	37.93
	32.38			

(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 28.8 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, 2020				For the year ended 31 March, 2019			
	Operating Segments			Total	Operating Segments			Total
	Sugar	Distillery	Eliminations		Sugar	Distillery	Eliminations	
Revenue	24,944.34	3,228.24	-	28,172.58	26,261.69	4,906.24	-	31,167.93
Inter-segment revenue	2,213.18	-	2,213.18	-	1,715.77	-	1,715.77	-
<b>Total</b>	<b>27,157.52</b>	<b>3,228.24</b>	<b>2,213.18</b>	<b>28,172.58</b>	<b>27,977.46</b>	<b>4,906.24</b>	<b>1,715.77</b>	<b>31,167.93</b>
Segment result	(987.87)	609.40	2,213.18	(378.47)	(598.71)	973.01	1,715.77	374.30
Finance cost @	2,412.67	-	-	2,412.67	2,351.14	-	-	2,351.14
<b>Operating income</b>	<b>(3,400.54)</b>	<b>609.40</b>	<b>2,213.18</b>	<b>(2,791.14)</b>	<b>(2,949.86)</b>	<b>973.01</b>	<b>1,715.77</b>	<b>(1,976.84)</b>
Other unallocable income (net)	-	-	-	18.85	-	-	-	30.18
<b>Profit/(Loss) before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,772.29)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,946.66)</b>
Tax expense	-	-	-	-	-	-	-	-
<b>Profit/ (Loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,772.29)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,946.66)</b>
Segment assets	16,171.62	3,559.31	-	19,730.93	24,398.52	2,857.00	-	27,255.52
Unallocable assets	-	-	-	8.98	-	-	-	8.68
<b>Total assets</b>	<b>16,171.62</b>	<b>3,559.31</b>	<b>-</b>	<b>19,739.91</b>	<b>24,398.52</b>	<b>2,857.00</b>	<b>-</b>	<b>27,264.20</b>
Segment liabilities	31,926.75	115.80	-	32,042.55	36,617.58	108.64	-	36,726.22
Unallocable liabilities	-	-	-	8.03	-	-	-	8.03
<b>Total liabilities</b>	<b>31,926.75</b>	<b>115.80</b>	<b>-</b>	<b>32,050.58</b>	<b>36,617.58</b>	<b>108.64</b>	<b>-</b>	<b>36,734.25</b>
Net Assets	(15,755.13)	3,443.51	-	(12,310.67)	(12,219.06)	2,748.36	-	(9,470.05)

\* Includes sale of power ₹ 698.86 lakhs (31 March, 2019: ₹ 1,194.49 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

28.9 Earnings per share (₹ in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>A. Earnings per share (Basic)</b>		
Net Profit for the year	(2,772.29)	(1,946.66)
Less: Preference dividend and tax thereon	—	—
Net Profit for the year attributable to the equity shareholders	(2,772.29)	(1,946.66)
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>(6.34)</b>	<b>(4.45)</b>
<b>B. Earnings per share (Diluted)</b>		
Net Profit for the year attributable to the equity shareholders	(2,772.29)	(1,946.66)
Add: Interest expense on convertible unsecured loan for the year	—	—
Net Profit for the year attributable to the equity shareholders on dilution	(2,772.29)	(1,946.66)
Weighted average number of equity shares for Basic EPS	437.01	437.01
Add: Effect of convertible un-secured Loan which is dilutive	—	—
Weighted average number of equity shares - for Diluted EPS	437.01	437.01
Par value per share (₹)	10.00	10.00
<b>Earnings per share - Diluted (₹)</b>	<b>(6.34)</b>	<b>(4.45)</b>

28.10 Details of Consumption of imported and indigenous items

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Raw materials</b>		
Imported	—	—
Indigenous	17,331.18	26,376.84
	<b>17,331.18</b>	<b>26,376.84</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	1,037.36	1,693.38
	<b>1,037.36</b>	<b>1,693.38</b>
<b>% Consumption</b>		
Imported	—	—
Indigenous	100.00	100.00

28.11 Auditors remuneration

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Audit fee	4.00	4.00
Limited Review	2.00	2.00
Other Services	0.25	0.25
<b>Total</b>	<b>6.25</b>	<b>6.25</b>

**28.12 Deferred tax (Liabilities) / Asset**

(₹ in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Deferred tax liability in relation to</b>		
Property, plant and equipment	(1,865.29)	(1,865.29)
Tax effect of items constituting deferred tax liability	(1,865.29)	(1,865.29)
<b>Deferred tax Assets in relation to</b>		
Provision for compensated absences, gratuity and other employee benefits	160.24	124.89
Unabsorbed depreciation carried forward	1,705.05	1,740.40
Tax effect of items constituting deferred tax assets	1,865.29	1,865.29
<b>Net deferred tax (liability) / asset</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.

**28.13** 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.

**28.14** Sugar Development fund (SDF) which has disbursed loan amounting to ₹ 1991.60 Lakhs to M/s. GSR Sugars Private Limited (The said company later Amalgamated into M/s. Gayatri Sugars Limited) through its Monitoring Institution IFCI Limited and as at 31st March 2020, the total amount due to SDF is ₹3865.34 Lakhs (including the accrued interest thereon). During the year, SDF through its monitoring institution had filed a petition before DRT for recovery of amounts due to it. In the year 2016-17, the company made the reference before Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and the same was admitted and registered. Further, the BIFR had appointed IDBI Bank as operating agency for submission of Revival Scheme. Subsequently the Ministry of Finance, Govt. of India, have repealed the SICA. The Company and the entire industry vide their association Indian Sugar Mills Association have represented before the Joint Secretary, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Govt of India for restructure of the SDF loan granted and waiver of additional interest (i.e. Penal Interest). Hence, in view of the same the management is very much confident of a favourable outcome from Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Govt of India and consequent withdrawal of aforementioned petition before DRT. As the company already provided for necessary provisions of Interest/Penal interest there is no need for provision of any further amounts.

**28.15** Over the last few years, the Company has been incurring losses and as at 31st March 2020, the accumulated losses have completely eroded the net worth and its current liabilities exceeded the current assets by ₹ 13,773.01 Lakhs as on that date. During the current year ended 31st March 2020, the Company has incurred a loss of ₹ 2,772.29 Lakhs. 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.

**28.16** The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh dismissed the Company's writ petition (along with the other petitions on the same matter filed by other companies) vide its common order dated May 19, 2016 ('the Order') in which it upheld the validity of levy of Electricity Duty @ 25 paise per unit by the State Government on consumption of electricity by captive generating units relating to earlier years. 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.

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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 ₹ 283.99 lakhs as a Contingent Liability and no provision has been made in respect of the same. In the event of an unfavourable verdict/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 qualified opinion 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 The managerial remuneration payable to Managing director for the period 01/05/2019 to 30/04/2022 was approved by the shareholders at the Annual General Meeting held on 19/09/2018. However, due to inadequate profits for the financial year 2019-20 as per section 197 read with schedule V of the Companies Act, 2013, the company is permitted to pay Managerial remuneration of ` 60 Lakhs, provided the requisite approvals as per the said section are obtained. During the current Financial year the company has paid managerial remuneration of ` 48 lakhs and is in the process of seeking necessary approvals.
- 28.18 The ongoing Covid-19 pandemic, has effected the country and the entire globe, which has contributed to a significant decline in global and local economic activities. The company has also got effected in view of the Lockdown implementation in the country as there was a severe disruption in supply chains and delay in realisation of trade receivables and absence of purchase orders for certain items. The extent to which the Covid-19 pandemic will impact the company's financials will depend on future developments, which are uncertain. The company has opted for the utilisation of Moratorium Benefit provided by the banks as per notification of the Reserve Bank of India. However, since the majority of amounts due on account of Trade Receivables is from state government owned/operated entities, where the company does not anticipated any credit loss.
- 28.19 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 : 18th June, 2020

**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/-**  
**Danveer Singh**  
Company Secretary