



GAYATRI SUGARS LIMITED

**SEVENTEENTH ANNUAL REPORT
2011-12**



17th Annual General Meeting

Day : Tuesday

Date : 25th September, 2012

TIME : 4.00 P.M.

Venue : Surana Udyog Hall,
Federation House,
D.No. 11-6-841, Red Hills,
Hyderabad – 500 004.

SEVENTEENTH ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Smt T Indira Subbarami Reddy

Sri T V Sandeep Kumar Reddy

Sri T R Rajagopalan

Sri P Maruthi Babu

Sri S Venkata Swamy

Smt T Sarita Reddy

Chairperson

Vice Chairman

Director

Director

Director

Executive Director

CHIEF FINANCIAL OFFICER

Mr. Chinna Gurappa - Till 11.05.2012

Mr. VR Prasad - From 12.05.2012

COMPLIANCE OFFICER

Mr. Chinna Gurappa - Till 11.05.2012

Mr. B. Shankar Rao - From 12.05.2012

REGISTERED OFFICE

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

Phone Nos: 23414823/26

Fax No: 23414827

Email: gayatrisugars@sify.com

AUDITORS

M/s Deloitte Haskins & Sells

Chartered Accountants

Secunderabad

COST AUDITORS

M/s Narasimha Murthy & Co

Cost Accountants,

Hyderabad

FACTORIES

Kamareddy Unit

Adloor Yellareddy Village

Sadasivanagar Mandal

Nizamabad District

Andhra Pradesh

Phone No: (08468) 248558

Fax No: (08468) 248559

Nizamsagar Unit

Maagi Village

Nizamsagar Mandal

Nizamabad District

Andhra Pradesh

Phone No: (08465) 275577

Fax No: (08465) 275800

BANKERS

Andhra Bank

Union Bank of India

State Bank of India

Bank of Baroda

Indian Overseas Bank

Punjab National Bank

Yes Bank

NOTICE

NOTICE is hereby given that the 17th ANNUAL GENERAL MEETING of M/s. Gayatri Sugars Limited will be held at Surana Udyog Hall , The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004, on Tuesday 25th day of September, 2012 at 4 p.m to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Profit and Loss Account and Cash flow statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri T.R.Rajagopalan, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P. Maruthi Babu, who retires by rotation, and being eligible, offers himself for re-appointment.
4. **TO APPOINT AUDITORS AND FIX THEIR REMUNERATION**

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

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

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

Place: Hyderabad
Date: 30.07.2012.

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

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies, in order to be effective must be received at the company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. Must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
2. The Register of Members and the Share Transfer Books of the Company will be closed from Friday the 21st September, 2012 to Tuesday 25th September, 2012 (both days inclusive).
3. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
4. Members who hold shares in dematerialized form, are requested to write their client ID and DP ID Nos and those who hold shares in physical form are requested to mention their folio no. in the attendance slip for attending the meeting.
5. Members are requested to intimate the Registrars and share transfer agents of the company, M/s. Venture Capital and Corporate Investments Private Limited, H.No. 12-10-167, Bharat Nagar, Hyderabad – 500018 cont: 040- 23818475, 23818476 immediately for any change in their address.
6. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Appointment/Reappointment of Directors along with brief profile of as per clause 49 of the Listing agreement.

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

Place: Hyderabad
Date: 30.07.2012.

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

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Seventeenth Annual Report of your company along with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

(Rs in lakhs)

Description	2011-12	2010-11
Revenue (Net of Excise Duty & Sales Tax)	21891.44	11261.51
(Increase)/Decrease in stocks	3581.65	(5030.28)
Profit/(Loss) before depreciation and interest	2180.83	2442.87
Finance Charges (Interest)	2395.91	2094.07
Depreciation	1259.89	1296.63
Profit/(Loss) before tax	(1474.97)	(947.83)
Provision for tax	—	—
Profit/(Loss) after tax	(1474.97)	(947.83)

REVIEW OF OPERATIONS

Performance during the financial year 2011-12

Your Directors are pleased to report that during the year under review, the company's crushing operations for the season 2011-12 has commenced on 11th November 2011 and closed the operations on 16th March 2012 for the Kamreddy Unit and has commenced on 14th November 2011 and closed the operations on 18th March 2012 for the Nizamsagar Unit. During the year, company has crushed 3.00 Lakh Tonnes of sugar cane and produced sugar of 3.23 Lakhs quintals with an average recovery of 10.75% at Kamareddy Unit and has crushed 2.62 Lakh Tonnes of sugar cane and produced sugar of 2.83 lakh quintals with an average recovery of 10.79% at Nizamsagar Unit.

During the year the Distillery Unit has produced 71.82 Lakh Litres of Rectified Spirit (RS)/Extra Neutral Alcohol (ENA). Company has sold 71.29 Lakh Litres of RS/ENA with an average realization of Rs.24.93 per litre.

Prospects for the financial year 2012-13

The Company is estimating to crush quantity of around 5.75 lakh tones of sugar cane during the current Financial year 2012-13 on account of better availability of the sugar cane and estimating to

produce RS/ENA around 80 Lakh litres during the current Financial year 2012-13.

DIVIDEND ON PREFERENCE SHARES

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

LISTING OF SECURITIES

The company's shares are listed with Bombay Stock Exchange, Mumbai and the annual listing fee for the year 2012-13 has been paid to the Bombay Stock Exchange at Mumbai.

DIRECTORS

Sri. TR Rajagopalan and Sri. P. Maruthi Babu will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment

PUBLIC DEPOSITS

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

PARTICULARS OF EMPLOYEES

No employee in the company is drawing the remuneration in excess of the limits mentioned under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

AUDITORS

The Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Secunderabad will retire at the conclusion of the ensuing Annual General Meeting as the Statutory Auditors of the company. They have signified their willingness to accept reappointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

COST AUDIT

The Central Government pursuant to Section 233 B of the Companies Act, 1956 has ordered that the company carries out an audit of cost accounts relating to sugar every year. M/s. Narasimha Murthy & Co, Cost Accountants was appointed as Cost Auditor of the company for the year 2012-13.

CONSERVATION OF ENERGY, ETC

Information relating to Conservation of energy, Technology Absorption and Foreign Exchange

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

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance and a certificate from the Practicing Company Secretary is given in the Annexure – B and Annexure – C respectively and form part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. That in preparation of the Annual Accounts the applicable Accounting Standards have been followed by the company and there has been no material departure;
2. That your directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31.03.2012 and of the profit or

loss of the company for the year ended on that date;

3. That your directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That your Directors have prepared annual accounts on a going concern basis.

INDUSTRIAL RELATIONS

The Industrial Relations continued to be peaceful during the year.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Hyderabad

Date : 09th May 2012

P. Maruthi Babu

Director

T. Sarita Reddy

Executive Director

Annexure - A to Directors' Report

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

A. CONSERVATION OF ENERGY

- | | |
|---|--|
| a. Energy Conservation Measures | i. Air preheater tubes, ID Fan impeller for boiler were already replaced to improve the efficiency of the boilers at Kamareddy Unit.

ii. Harmonic filters are already installed to avoid Harmonics in DC drives, equipment cost at of Rs.30.00 Lakhs at Kamareddy Unit. |
| b. Additional Investment Proposals, if any, being implemented for reduction of Consumption of energy | For improving the efficiency of the boilers and to reduce the fuel consumption at both the units the required modification will be carried out with the reasonable capital expenses to reduced the steam consumption by around 40% at Kamareddy Unit. |
| c. Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of Production | i. The plant efficiency has increased and the crushing capacity has reached to rated capacity at Kamareddy Unit.

ii. After installation of Harmonic production Filters power consumption per tonne of cane came down to 2 to 3 units and power factor also improved. |
| d. Total energy consumption and energy consumption per unit of production as per Form A | Enclosed |

B) TECHNOLOGY ABSORPTION:

- | | |
|---|--|
| e. Efforts made in technology as per Form B | Plants at both the manufacturing units are as per standard specifications of Government of India |
|---|--|

C) FOREIGN EXCHANGE EARNINGS & OUT GO:

- | | |
|---|--|
| f. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services ; and export plans. | NIL |
| g. Total Foreign exchange used & Earned | Total Foreign exchange used : NIL
Total Foreign exchange Earned : NIL |

FORM A
(See Rule 2)
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Sl No	Particulars	Current Year 2011-12		Previous Year 2010-11	
		Kamareddy Unit	Nizamsagar Unit	Kamareddy Unit	Nizamsagar Unit
A	POWER AND FUEL CONSUMPTION				
	1. ELECTRICITY				
	a) PURCHASED				
	Units KWH (Lakhs)	6.32	5.66	5.63	5.21
	Total Amount (Rs. Lakhs)	36.39	23.44	35.33	63.44
	Rate/Unit (Rs.)	5.75	4.14	6.27	12.18
	b) OWN GENERATION				
	i) Through Diesel Generator				
	Units KWH	2424	2800	7404	7800
	Units per Ltr. of Diesel Oil-KWH	2.65	2.72	2.75	2.22
	Cost / Unit (Rs.)	16.31	16.69	14.64	18.14
	ii) Through Steam Turbines / Generator				
	Units KWH (lacs)	163.45	232.74	178.40	236.73
	Units per tonne of Bagasse/paddy husk	236.88	284.40	197.47	309.25
	Cost/Unit (Rs.)	2.62	2.19	2.81	1.78
	2) COAL				
	Quantity (Tonnes)	2449	Nil	2440	2197
	Total Cost (Rs. Lakhs)	86.99	Nil	73.91	69.21
	Average Rate (Rs.)	3552	Nil	3029	3120
	3) PADDY HUSK/FIREWOOD				
	Quantity (Tonnes)	Nil	Nil	Nil	308
	Total Cost (Rs. Lakhs)	Nil	Nil	Nil	4.43
	Average Rate (Rs.)	Nil	Nil	Nil	1440
	4) BAGASSE				
	Quantity (Tonnes)	96300	81835	91154	76550
	Total Cost (Rs. Lakhs)	599.17	509.01	501.35	421.02
	Cost Per Tonne (Rs.)	622	622	550	550
	5) FURNACE OIL				
	Quantity (Tonnes)	Nil	Nil	Nil	Nil
	Total Cost (Rs. Lakhs)	Nil	Nil	Nil	Nil
	Average Rate (Rs.)	Nil	Nil	Nil	Nil
	6) DIESEL OIL				
	Quantity (Tonnes)	22785	1030	2692	3510
	Total Cost (Rs. Lakhs)	9.85	0.47	1.08	14.13
	Average Rate (Rs.)	43.24	45.38	40.11	40.25
B	CONSUMPTION PER UNIT OF PRODUCTION				
	Electricity Per Ton of Sugar (KWH)	377	361	323	373

Annexure - B to Directors' Report

Corporate Governance Report

A. Corporate Governance Philosophy

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

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

B. Board of Directors

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

i) Composition and category of directors as on 31st March 2012

Category	No. of Directors
Promoter Directors	3
Non Executive Non Independent Directors	—
Non executive Independent Directors	3

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

Name of the Director	No. of Board Meetings Attended	Attendance at last AGM Held on 10.08.2011	No. of Directorships held in other Companies	
			Public	Private
Smt. T Indira Subbarami Reddy	1	Not Present	6	22
Sri T V Sandeep Kumar Reddy	3	Not Present	13	25
Sri T R Rajagopalan	6	Present	1	2
Sri P Maruthi Babu	7	Present	3	4
Sri S Venkata Swamy	7	Present	—	—
Smt. T Sarita Reddy	7	Present	3	17

During the financial year 2011-12, Seven Board meetings were held on 8th April 2011, 29th April 2011, 30th May 2011, 10th August 2011, 11th November 2011, 23rd January 2012 and 7th February 2012.

C. Audit Committee

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

i) Brief Description of terms of reference

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

- ◆ Oversight of the Company's financial reporting process.
- ◆ Recommending appointment and removal of external auditors and fixing of their fees.
- ◆ Reviewing with management the quarterly, half yearly and annual financial results/ statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.

- ◆ Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- ◆ Reviewing the adequacy of internal control systems and significant audit findings.
- ◆ Discussion with external auditors regarding nature and scope of audit.

ii) Composition of the Audit committee and the details of Meetings held and attendance during the Financial Year 2011-12.

The Audit Committee meetings were held 4 times during the financial year 2011-12 on 30th May 2011, 10th August 2011, 11th November 2011 and 7th February 2012 and periodically reviewed all the matters pertaining to the items of reference.

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

S.No.	Members of the Audit committee	No.of meetings Attended
1	Sri T R Rajagopalan Chairman	4
2	Sri. P Maruthi Babu Member	4
3	Smt T Sarita Reddy Member	4

D. Remuneration Committee

i) Brief description of terms of reference

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

i) Composition of the Remuneration Committee and the details of Meetings held and attendance during the Financial Year 2011-12.

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

- | | | |
|------------------------|---|----------|
| 1. Sri T R Rajagopalan | – | Chairman |
| 2. Sri S Venkataswamy | – | Member |
| 3. Sri. P Maruthi Babu | – | Member |

One Remuneration Committee meeting was held on 30th May 2011 during the financial year 2011-12 and all the members were present.

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

i) For Managing Director/Executive Director:

The total remuneration, subject to shareholders approval consists of

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

ii) For Non Executive Directors

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

iii) Remuneration and sitting fees paid to directors during the financial year 2011-12.

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (Rs.Lakhs)	Sitting fees (Rs)
Smt. T Indira Subbarami Reddy	Non Executive Chairperson	—	1,000
Sri T V Sandeep Kumar Reddy	Non Executive Vice Chairman	—	3,000
Sri T R Rajagopalan	Non Executive / Independent	—	11,000
Sri. P Maruthi Babu	Non Executive / Independent	—	12,000
Sri S Venkata Swamy	Non Executive / Independent	—	8,000
Smt. T Sarita Reddy	Executive Director	39.76	—

E. Shareholders Grievance Committee

i) Terms of reference

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

ii) Composition of the Shareholders Grievance Committee and the details of Meetings held and attendance during the Financial Year 2011-12.

No meeting of the Shareholders Grievance Committee was required to be held since there were no complaints received by the company from the investors.

S.No.	Members of the committee	No. of meetings attended
1	Sri S Venkataswamy (Chairman)	NA
2	Sri T V Sandeep Kumar Reddy	NA
3	Smt T Sarita Reddy	NA

iii) Name and designation of Compliance officer.

Sri Chinna Gurappa, Chief Finance Officer is the Compliance Officer of the Company till 11.05.2012 and Sri. B Shankar Rao is the Compliance Officer from 12.05.2012.

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

No. of Investor queries / complaints received in the year 2011-12	Pending at the end of the year 2011-12	No. of pending share transfers
Nil	Nil	Nil

F. General Body Meetings

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

Year	Venue	Day and Date	Time
2010-11	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Wednesday the 10 th day of August 2011	4.00 PM
2009-10	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Saturday the 31 st day of July 2010	4.00 PM
2008-09	Surana Udyog Hall, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Friday the 31 st day of July 2009	4.00 PM

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

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

There have been no materially significant related party transactions with the Company's Promoters, Directors, 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 forming part of the financial statements.

ii) Risk Management

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

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

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

iv) Means of Communication

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

H) Management's Discussion and Analysis Report**Overall review:**

The Company has crushed 5.62 lakh tonnes (previous year 5.57 lakh tonnes) of sugar cane and produced 6.06 lakh quintal (previous year 5.76 lakhs quintals) of sugar with an average recovery of 10.77% (previous year 10.34%). The Company has sold 7.53 lakh quintals (previous year 3.44 Lakh quintals) of sugar. The company's average sales realization of sugar has decreased to Rs.2,557/- per quintal during the current year as compared to Rs.2,625/- per quintal during the previous year on account of sale of higher quantity of Sugar during the crushing season instead of sale during off season compared to the previous year quantity of sales made during the off season. Company has incurred cash loss of Rs.215 Lakhs during the year as compared to the cash profit of Rs.349 Lakhs during the previous year. Incurring of cash loss on account of paying incentives of Rs.9 crores to the farmers to ensure better plantation & get to ensure higher sugar cane in the future years.

Sugar Industry Analysis:

The sugar production has improved to 26.50 million tonnes in the season 2011-12 (25.50 million tonnes during the 2010-11). This increase in production of sugar during the sugar season 2011-12 will result in improving the availability of sugar for export to other countries and lesser the import of sugar. The expected sugar consumption in India is around 25.00 million tonnes per annum. The expected sugar production in India for the next sugar season 2012-13 would be around 27.50 million tonnes on account of improvement in sugarcane due to remunerative sugar cane rates.

Indian Sugar Mills Association (ISMA) is pursuing with Government of India to decontrol the sugar industry, to get the long term export policy to get the higher realization, to assist the sugar exporting factories to mitigate the losses in export, to mandate the blending of ethanol at 10% with petrol and also aim at the final target at 25% as was done in Brazil. During the previous year, the sugar rates were stable on account of getting imported the required sugar from outside countries. The ISMA requested the Government of India to impose the custom duty on White Sugar, so that the sugar prices will improve in the domestic market.

Production:

The company has made a higher production of sugar of 60608 tonnes during the year as compared to the production of 57612 tonnes during the previous year.

Revenue:

Company has achieved the turnover Rs.218.91 Crores as compared to Rs.112.61 Crores during the previous year. The improvement of sales was higher at 94.40 % as compared to the previous year, due to increase in the volume of sales.

I) Compliance of Insider Trading Norms

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

J) General Shareholders' information

a) Date, Time and Venue of AGM

Day, Date and Time	Tuesday, 25 th September, 2012 at 4-00 pm
Venue	Surana Udyog Hall, Federation House, Door No: 11-6-841, Red Hills, Hyderabad- 500004

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

Brief resume of Directors and nature of their expertise in functional areas	Directorships / Committee Memberships in other companies	Shareholding in the Company
a. Sri. TR Rajagopalan He is a MA, MSc, CAIIB. He is a Retired GM of SBI and has experience of 43 years in credit and International Banking. He held various assignments both at operational as well as policy framing levels. These assignments include Branch Manager, Regional Manager, Deputy General Manager (Commercial Banking) and General Manager (Commercial banking). He also handled the assignment with Bank of Ghana under World Bank to train all banking officials of that country, in the areas of Credit Management. He is the chairman of the Audit Committee and Remuneration Committee.	He is director in Gayatri Bio Organics Limited and in two private limited companies.	Nil
b. Sri. P. Maruthi Babu He is a graduate in Electrical engineering having vast experience and had an active service of 38 years of which 19 years service in Andhra Pradesh State Electricity Board and 17 years in Central Autonomous Organization i.e., Central Board of Irrigation & Power. He has vast experience in Electrical Engineering, Administration and Accounts. His experience in electrical engineering will be of immense benefit to the company. As a senior officer in charge of Accounts in Central Board of Irrigation & Power, his experience is being used in the company for the benefit of reviewing the performance of Finance and Accounts of the company. He is member in the Audit Committee and remuneration committee.	He is director in another Three Limited Companies and in Four private limited companies.	Nil

c) Financial year :	April 1 to March 31
d) Date of Book closure:	21 st September 2012 to 25 th September 2012 (both days inclusive)
e) Dividend :	No dividend was recommended
f) Listing on Stock Exchanges :	The Bombay Stock Exchange Ltd PJ Towers, Dalal Street, Fort, Mumbai 400001.
g) Stock code	532183

h) Market Price data : High/ Low during each month in the Financial year 2011-12

Month	High Rs.	Low Rs.	Volume (Nos)
April 2011	4.30	2.87	329505
May 2011	—	—	—
June 2011	—	—	—
July 2011	—	—	—
August 2011	6.90	3.95	202332
September 2011	4.89	3.50	145065
October 2011	4.40	3.27	85897
November 2011	4.29	2.67	99664
December 2011	3.79	2.44	84632
January 2012	4.76	3.01	219303
February 2012	4.55	3.60	82297
March 2012	4.05	2.71	156184

i) Registrar and Transfer Agents

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

j) Share transfer system

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

k) Shareholding pattern

Shareholders	As on 31.03.2012		As on 31.03.2011 (Post Amalgamation)*		As on 31.03.2010 (Pre Amalgamation)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters	25040888	57.30	25040888	57.30	15419668	35.87
Financial Institutions and Banks	1750698	4.00	1750552	4.00	4407820	10.25
Private corporate bodies	8427984	19.29	8433314	19.30	2194119	5.10
Indian Public	8431103	19.29	8429858	19.29	20822408	48.43
NRI/OCB	52970	0.11	49031	0.11	149125	0.35
Total	43703643	100.00	43703643	100.00	42993140	100.00

* This shareholding pattern got revised in accordance with the Scheme of Amalgamation

l) Distribution of Shareholding as on 31st March, 2012

Nominal Value	Holders		Amount	
	No	% to Total	In Rs.	% to Total
Upto 5000	14786	82.35	2,50,77,140	5.74
5001-10000	1666	9.28	1,24,70,030	2.85
10001-20000	855	4.76	1,30,27,710	2.98
20001-30000	192	1.07	47,42,250	1.09
30001-40000	177	0.99	64,89,310	1.48
40001-50000	60	0.33	26,89,700	0.62
50001-100000	131	0.73	94,32,580	2.16
100001 and above	88	0.49	36,31,07,710	83.08
TOTAL	17955	10.00	43,70,36,430	100.00

j) 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, 2012.

Held in NSDL:1,62,48,231 shares

Held in CDSL:2,73,94,709 shares

k) 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.

l) Share Transfer Agents and Registrar

Physical and Demat Share Transfer Agents and Registrars
Venture Capital and Corporate Investments Limited,
House No. 12-10-167, Bharat Nagar, Hyderabad - 500018 Ph: 23818475, 23818476

m) Address for correspondence and contact persons for investor queries

Registered Office:

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

Contact Person:

Sri Chinna Gurappa, Chief Finance Officer & Compliance Officer – Till 11.05.2012
Sri.VR Prasad, Chief Finance Officer / Mr.B Shankar Rao, Compliance Officer – From 12.05.2012
Phone: 23414823, Fax: 23414827
Email : gayatrisugars@sify.com

n) Equity Shares in the Suspense Account

There are no details in respect of equity shares lying in the share suspense account required to be covered as per clause 5A(I) and 5A(II) of Listing Agreement.

For and on behalf of the Board

Place : Hyderabad
Date : 09th May 2012

P. Maruthi Babu
Director

T. Sarita Reddy
Executive Director

Annexure – C to Directors' Report

Company Secretary's Certificate on compliance of conditions of corporate governance as per Clause 49 of the Listing Agreement with the Stock Exchanges

To

The Members of Gayatri Sugars Limited

We have examined the compliance of conditions of corporate governance by Gayatri Sugars Limited ("the Company") for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

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

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

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

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

**For Puttaparthi Jagannatham & Co
Company Secretaries**

Place: Hyderabad
Date: 9th May 2012

Bandaru Rama
Partner
CP.No.7739

DECLARATION BY CEO OF THE COMPANY ON CODE OF CONDUCT

I, T Sarita Reddy, Executive Director, hereby declare that as provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2012.

For Gayatri Sugars Limited

Place: Hyderabad
Date: 9th May 2012

T Sarita Reddy
Executive Director

CEO AND CFO CERTIFICATION

As required by sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended 31st March 2012, the Company has complied with the requirements of the said sub-clause.

For Gayatri Sugars Limited

For Gayatri Sugars Limited

Place: Hyderabad
Date: 9th May 2012

T. Sarita Reddy
Executive Director

Chinna Gurappa
Chief Financial Officer

AUDITORS' REPORT

TO THE MEMBERS OF
GAYATRI SUGARS LIMITED

1. We have audited the attached Balance Sheet of **GAYATRI SUGARS LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow

Statement dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725

Ganesh Balakrishnan
Partner
Place: Hyderabad
Date: May 9, 2012
Membership No.2011193

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities, clause 4 (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured,

to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

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

- (a) The Company has taken interest free unsecured loan aggregating ₹ 1,35,00,000 from one party during the year. At the year-end, the outstanding balance of such loans taken aggregated ₹ 8,09,36,998 (One Party) and the maximum amount involved during the year was ₹ 9,06,00,000 (One Party).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The payments of principal amounts in respect of such loans are regular as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) According to the information and explanations given to us there are no contracts or arrangements that needs to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost

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

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

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues applicable to it, with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Custom Duty, Excise Duty

and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable, except as given below:

Statute	Nature of dues	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act, 1961	Dividend Distribution Tax	2006-07	802,523

- (c) There were no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty which have not been deposited as on 31st March, 2012 on account of disputes.
- (x) According to the records of the company examined by us and the information and explanation given to us, the company has defaulted in repayment of dues to the financial institution as at the balance sheet date. Such delays have been summarized below indicating the Average number of delays and the amount involved :

Amount in ₹

Lender	Total Amount Involved	Number of installments	Amount of each installment	Average delay in number of days
Principal				
Yes Bank Limited	87,500,000	12	7,291,667	36
Indian Overseas Bank-I	33,816,000	12	2,818,000	50
Indian Overseas Bank-II	16,500,000	12	1,375,000	50
Andhra Bank-Harvesting TL	2,547,890	1	2,547,890	44
State Bank of India-EDTL	13,596,000	12	1,133,000	32
Bank of Baroda-EDTL	13,050,000	12	1,087,500	38
Andhra Bank-EDTL	9,192,000	12	766,000	51
PNB-EDTL	4,200,000	12	350,000	13
Union Bank of India-I	36,201,592	4	9,050,398	71
Union Bank of India-II	19,515,768	4	4,878,942	81
Union Bank of India-III	7,717,684	4	1,929,421	66
Andhra Bank-I	40,000,000	4	10,000,000	55
Andhra Bank-II	6,000,000	4	1,500,000	55
Union Bank of India-EDTL	8,100,000	12	675,000	37
Andhra Bank-EDTL	6,456,000	12	538,000	73

Amount in ₹

Lender	Total Amount Involved	Number of installments	Average monthly Interest	Average delay in number of days
Interest				
Yes Bank Limited	45,577,112	11	4,143,374	35
Indian Overseas Bank-I	9,382,992	11	852,999	39
Indian Overseas Bank-II	5,472,451	11	497,496	39
Andhra Bank-Harvesting TL	1,212,308	7	173,187	41
Union Bank of India-I	9,876,108	11	897,828	35
Union Bank of India-II	5,307,618	11	482,511	34
Union Bank of India-III	2,085,486	12	173,791	32
Andhra Bank-I	15,904,757	12	1,325,396	37
Andhra Bank-II	1,591,464	12	132,622	31

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

For **DELOITTE HASKINS & SELLS**Chartered Accountants
Registration No.008072S**Ganesh Balakrishnan**Partner
Membership No.201193Place: Hyderabad
Date: May 9, 2012

BALANCE SHEET AS AT 31 MARCH 2012

(Amount in ₹)

Particulars	Note No.	As at 31 March 2012 ₹	As at 31 March 2011 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	598,475,285	598,475,285
(b) Reserves and surplus	3	(220,695,465)	(73,198,497)
		<u>377,779,820</u>	<u>525,276,788</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	496,788,528	719,572,976
(b) Long-term provisions	5	3,532,771	3,188,915
		<u>500,321,299</u>	<u>722,761,891</u>
3 Current liabilities			
(a) Short-term borrowings	6	685,281,328	683,026,305
(b) Trade payables	7	388,605,716	470,340,682
(c) Other current liabilities	8	524,795,531	584,867,111
(d) Short-term provisions	9	18,771,730	15,983,704
		<u>1,617,454,305</u>	<u>1,754,217,802</u>
Total		<u><u>2,495,555,424</u></u>	<u><u>3,002,256,481</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		1,623,102,925	1,704,012,777
(ii) Intangible assets		96,956,630	109,070,254
(iii) Capital work-in-progress		1,162,176	5,031,329
		<u>1,721,221,731</u>	<u>1,818,114,360</u>
2 Current assets			
(a) Inventories	11	631,428,488	992,228,102
(b) Trade receivables	12	28,995,728	91,540,707
(c) Cash and Bank Balances	13	37,030,451	36,785,971
(d) Short-term loans and advances	14	76,879,026	63,587,341
		<u>774,333,693</u>	<u>1,184,142,121</u>
Total		<u><u>2,495,555,424</u></u>	<u><u>3,002,256,481</u></u>
Notes forming part of the financial statements	1		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

For and on behalf of the Board

Ganesh Balakrishnan
Partner

Chinna Gurappa
Chief Financial Officer

P Maruthi Babu
Director

T Sarita Reddy
Executive Director

Place : Hyderabad
Date : 09 May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in ₹)

PARTICULARS	Note No.	For the Year Ended 31 March 2012 ₹	For the Year Ended 31 March 2011 ₹
1 Revenue from operations (gross)	15	2,260,828,223	1,159,360,243
Less: Excise duty		71,684,639	33,209,551
Revenue from operations (net)		2,189,143,584	1,126,150,692
2 Other income	16	2,082,412	3,656,506
3 Total revenue (1+2)		2,191,225,996	1,129,807,198
4 Expenses			
(a) Cost of materials consumed	17 a	1,363,574,560	1,134,914,753
(b) Changes in inventories of finished goods and work-in-progress	17 b	358,165,249	(503,028,445)
(c) Employee benefit expenses	18	86,148,863	75,063,780
(d) Finance costs	19	239,591,383	209,407,137
(e) Depreciation and amortisation expense	10	125,989,241	129,663,064
(f) Other expenses	20	165,253,668	178,569,596
Total expenses		2,338,722,964	1,224,589,885
5 Loss before tax (3 - 4)		(147,496,968)	(94,782,687)
6 Tax expense		—	—
7 Loss for the year (5 - 6)		(147,496,968)	(94,782,687)
8 Earnings per share (of ' 10/- each)	25		
(Refer Note 25)			
(a) Basic		(3.63)	(2.43)
(b) Diluted		(3.63)	(2.43)
Notes forming part of lthe financial statments	1		

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

(Registration No. 008072S)

For and on behalf of the Board
Ganesh Balakrishnan
Partner

Chinna Gurappa
Chief Financial Officer

P Maruthi Babu
Director

T Sarita Reddy
Executive Director

 Place: Hyderabad
Date: 09 May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Amount in ₹)

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(147,496,968)	(94,782,687)
Adjustments for:		
Depreciation and amortisation	125,989,241	129,663,064
Loss on sale of fixed assets	8,031	62,864
Finance costs	239,591,383	209,407,137
Interest income	(1,243,063)	(1,118,638)
Liabilities / provisions no longer required written back	(27,269)	(1,866,709)
Operating profit before working capital changes	216,821,355	241,365,031
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	360,799,613	(504,306,172)
Trade receivables	62,544,979	(75,957,966)
Short-term loans and advances	(13,399,087)	68,501,430
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(81,707,696)	395,403,485
Other current liabilities	(13,667,964)	117,433,387
Short-term provisions	2,788,026	2,187,151
Long-term provisions	343,856	3,188,915
	317,701,727	6,450,230
Cash generated from operations	534,523,082	247,815,261
Net income tax (paid) / refunds	107,401	(118,575)
Net cash flow from Operating activities (A)	534,630,483	247,696,686
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(28,730,193)	(6,059,789)
Subsidy Received	—	2,000,000
Proceeds on Sale of Fixed Assets	2,095	12,100
Deposits with bank having maturity period of more than 3 months.	—	(15,000,000)
Interest received	129,639	80,219
Net Cash Used in Investing Activities (B)	(28,598,459)	(18,967,470)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings (net)	(273,585,948)	(169,192,464)
Proceeds from other short-term borrowings	2,255,023	130,958,711
Share issue expenses	—	(2,565,810)
Finance costs	(235,570,041)	(204,767,035)
Net Cash flow used in Financing activities (C)	(506,900,966)	(245,566,598)
Net Decrease in cash and cash equivalents (A+B+C)	(868,943)	16,837,382
Cash and Cash equivalents at the beginning of the year	20,747,553	20,880,077
Opening Balance Transferred under Scheme of Amalgamation as on 01 April, 2010	—	16,704,858
Cash and Cash equivalents as at the end of year	19,878,609	20,747,553

Notes:

1. Cash and Bank balances comprises :		
a) Cash and cash equivalents		
(i) Cash on hand	113,056	122,198
(ii) Balances with banks		
In current accounts	19,765,553	20,625,355
	19,878,609	20,747,553
b) Other Bank Balances		
In deposit accounts with maturity period more than 12 months.	17,151,842	16,038,418
Total	37,030,451	36,785,971

2. The cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on 'Cash Flow Statement and presents the Cash Flows by Operating , Investing and Financing activities
3. Figures in brackets represents cash outflows.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 09 May, 2012

For and on behalf of the Board

Chinna Gurappa
Chief Financial Officer

P Maruthi Babu
Director

T Sarita Reddy
Executive Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 NOTES

A. COMPANY OVERVIEW

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

B. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of financial statements :

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with accounting principles generally accepted in India and accounting standards notified by the Companies (Accounting Standards) Rules, 2006.

2. Use of Estimates

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

3. Fixed Assets

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

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

4. Impairment of Assets :

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

5. Inventories

Raw materials, Stores & Spares and Consumables are valued at First in First out basis. Cost includes applicable taxes, duties, transport and handling cost. Raw materials, Stores & Spares and Consumables are valued at cost or Net realizable value whichever is lower. Work in progress is taken as cost of input raw materials and estimated cost of manufacture up to the various stages of completion.

Finished goods are valued at cost or net realizable value whichever is lower. Levy sugar is valued at Net realizable value.

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

6. Deferred Tax

Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

Deferred Tax assets on accumulated losses and unabsorbed depreciation are recognized only to the extent that there is virtual certainty of realization of such assets in future.

7. Employee Benefits

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

i Gratuity

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

ii Provident Fund

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

iii Liability for Compensated absences

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

8. Revenue recognition

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

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

9. Borrowing Costs

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

10. Leases

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

11. Earnings Per Share

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

12. Provisions and Contingencies

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2 SHARE CAPITAL

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹10 each	65,000,000	650,000,000	65,000,000	650,000,000
Preference shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
	<u>90,000,000</u>	<u>900,000,000</u>	<u>90,000,000</u>	<u>900,000,000</u>
(b) Issued				
Equity shares of ₹10 each	43,703,643	437,036,430	42,993,140	429,931,400
6% Cumulative Redeemable preference shares of ₹ 10 each	9,536,813	95,368,130	9,536,813	95,368,130
6% Cumulative Optionally Convertible Preference Shares of ₹ 10 each	6,610,210	66,102,100	—	—
	<u>59,850,666</u>	<u>598,506,660</u>	<u>52,529,953</u>	<u>525,299,530</u>
(c) Subscribed and fully paid up				
Equity shares of ₹10 each	43,697,368	436,973,680	42,986,865	429,868,650
Adjustment of Carried Forward Loss as per the Scheme (Refer Note (ii) below)	—	—	25,918,540	259,185,400
	<u>43,697,368</u>	<u>436,973,680</u>	<u>17,068,325</u>	<u>170,683,250</u>
(d) Subscribed but not fully paid up				
Equity shares of ₹10 each	6,275	31,375	6,275	31,375
	<u>43,703,643</u>	<u>437,005,055</u>	<u>17,074,600</u>	<u>170,714,625</u>
(e) Subscribed and fully paid up				
6% Cumulative Redeemable preference shares of ₹ 10 each	9,536,813	95,368,130	9,536,813	95,368,130
6% Cumulative Optionally Convertible Preference Shares of ₹ 10 each	6,610,210	66,102,100	—	—
	<u>16,147,023</u>	<u>161,470,230</u>	<u>9,536,813</u>	<u>95,368,130</u>
(f) Equity Share Capital Suspense account :				
Equity shares of ₹10 each to be issued to the shareholders of GSRSP as per the Scheme (Refer Notes (i) & (ii) below)	—	—	12,829,043	128,290,430
Equity shares of ₹10 each to be issued on conversion of Unsecured Loan as per the Scheme (Refer Note (iii) below)	—	—	13,800,000	138,000,000
			<u>26,629,043</u>	<u>266,290,430</u>
(g) Preference Share Capital Suspense account :				
6% Cumulative Optionally Convertible Preference Shares of ₹ 10 each to be issued as per the Scheme (Refer Note (iii) below)	—	—	6,610,210	66,102,100
Total		<u>598,475,285</u>		<u>598,475,285</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 2 SHARE CAPITAL (Contd.)
Notes:

- (i) Pursuant to the Scheme of Arrangement ("the Scheme") between Gayatri Sugars Limited ("GSL"/ the "transferee company"/ "the Company") and GSR Sugars Private Limited ("GSRSP"/ the "transferor company"), as approved by the respective company's shareholders and subsequently approved by the Hon'ble High Court of Andhra Pradesh on 18 February, 2011, the entire business and undertaking of GSRSP including all assets, liabilities, duties and obligations, have been transferred to and vested in the Company with effect from 1 April, 2010. The approved Scheme was filed with the Registrar of Companies, Andhra Pradesh, on 23 March, 2011. The Board of Directors at their meeting held on 8 April, 2011 have taken on record the aforesaid order of the Hon'ble High Court of Andhra Pradesh with regard to the Scheme and at their meeting held on 29 April, 2011, have allotted the shares to the eligible shareholders, as per the Scheme. The shareholders of GSRSP, were issued 16 equity shares of the Company for every 10 equity shares held in GSRSP, aggregating to 12,829,043 equity shares.
- (ii) The share capital of the GSL after issue of equity shares to the shareholders of GSRSP is to be reduced and restructured to the extent of accumulated losses amounting to ₹ 259,185,400 out of total accumulated loss as at 31 March, 2010 of ₹ 453,924,980 and the balance of ₹ 194,739,580 against potential allotment of equity shares to shareholders of GSRSP, pursuant to the Scheme.
- (iii) The unsecured loans of promoters of GSL as at 31 March, 2010 of ₹ 228,252,100 is to be converted into 13,800,000 equity shares of ₹ 10 each at a premium of ₹ 1.75 per share aggregating to ₹ 24,150,000 and 6,610,210 cumulative optionally convertible preference shares of ₹ 10 each at a coupon rate of 6% p.a.
- (iv) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	Opening Balance	Issued to the shareholders of GSRSP as per the Scheme (Refer Note (i) above)	Conversion of Unsecured Loan as per the Scheme (Refer Note (iii) above)	Shares adjusted against Carried Forward Loss as per the Scheme (Refer Note (ii) above)	Closing Balance
(a) Equity shares					
Year ended 31 March, 2012					
- Number of shares	43,703,643	—	—	—	43,703,643
- Amount (₹)	437,005,055	—	—	—	437,005,055
Year ended 31 March, 2011					
- Number of shares	42,993,140	12,829,043	13,800,000	25,918,540	43,703,643
- Amount (₹)	429,900,025	128,290,430	138,000,000	259,185,400	437,005,055
(*) Opening and closing balances includes 6,275 partly paid equity shares.					
(b) 6% Cumulative Redeemable preference shares					
Year ended 31 March, 2012					
- Number of shares	9,536,813	—	—	—	9,536,813
- Amount (₹)	95,368,130	—	—	—	95,368,130
Year ended 31 March, 2011					
- Number of shares	9,536,813	—	—	—	9,536,813
- Amount (₹)	95,368,130	—	—	—	95,368,130
(c) 6% Cumulative Optionally Convertible Preference Shares					
Year ended 31 March, 2012					
- Number of shares	6,610,210	—	—	—	6,610,210
- Amount (₹)	66,102,100	—	—	—	66,102,100
Year ended 31 March, 2011					
- Number of shares	—	—	6,610,210	—	6,610,210
- Amount (₹)	—	—	66,102,100	—	66,102,100

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2 SHARE CAPITAL (contd.)

Notes:

v) Arrears of fixed cumulative dividends on preference shares :

- Dividend on 6% Cumulative Redeemable Preference Shares- ₹28,610,439 (31 March, 2011 ₹22,888,351).
- Dividend on 6% Cumulative Optionally Convertible Preference Shares - ₹ 7,932,252 (31 March, 2011 ₹ 3,966,126).

(vi) Details of shares held by each shareholder, holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Gayatri Fin-Holdings Private Limited	7,169,450	16%	7,169,450	16%
Sandeep Kumar Reddy Tikkavarapu	6,763,031	15%	6,763,031	15%
Indira Tikkavarapu	3,793,508	9%	3,793,508	9%
Subbarami Reddy Tikkavarapu	3,255,814	7%	3,255,814	7%
T.S.R.Holdings Private Limited	2,895,478	7%	2,895,478	7%
Mohan Project Contructions Private Limited	7,708,789	18%	7,708,789	18%
6% Cumulative Redeemable preference shares				
IDBI Bank Limited	7,084,563	74%	7,084,563	74%
IFCI Limited	2,452,250	26%	2,452,250	26%
6% Cumulative Optionally Convertible Preference Shares				
Gayatri Fin-Holdings Private Limited	1,710,210	26%	1,710,210	26%
Mohan Project Contructions Private Limited	4,900,000	74%	4,900,000	74%

vii) Terms of redemption of preference shares

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

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

Particulars	Issued during 2010-11
Equity shares	
Issued pursuant to Scheme (Refer Note (i) above)	12,829,043
6% Cumulative Optionally Convertible Preference Shares	
Issued pursuant to Scheme (Refer Note (i) above)	6,610,210

ix) Details of calls unpaid

Particulars	As at 31 March, 2012	As at 31 March, 2011
Equity shares		
– Number of shares	6,275	6,275
– Unpaid Amount (₹)	31,375	31,375

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 3 RESERVES AND SURPLUS

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Securities premium account		
Opening balance	21,584,190	—
Add : Premium on shares issued pursuant to the Scheme (Refer Note 3 (iii))	—	24,150,000
Less : Utilised during the year towards:		
Share Issue Expenses (Net of Deferred Tax Asset ₹ Nil)	—	2,565,810
Closing balance	21,584,190	21,584,190
(b) Deficit in Statement of Profit and Loss		
Opening balance	(94,782,687)	(453,924,980)
Add: Loss for the year	(147,496,968)	(94,782,687)
Less: Adjustment of carried forward loss as per the Scheme (Refer Note 3 (ii))	—	453,924,980
Closing balance	(242,279,655)	(94,782,687)
Total	(220,695,465)	(73,198,497)

NOTE 4 LONG-TERM BORROWINGS

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Non-current ₹	Current ₹	Non-current ₹	Current ₹
(a) Term loans				
Secured				
From banks	297,273,902	250,717,940	519,849,790	301,507,661
From others	199,160,000	—	199,160,000	—
	496,433,902	250,717,940	719,009,790	301,507,661
(b) Vehicle Loans - Secured	354,626	208,560	563,186	220,339
Total	496,788,528	250,926,500	719,572,976	301,728,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 4 LONG-TERM BORROWINGS (contd.)

(i) Particulars of the Security, Terms of Repayment, Interest Rates, etc. with respect to secured long-term borrowings:

Term Loans :

SL	Loans	Security	Terms of Repayment	Applicable Interest rates	Period of Maturity with respect to balance sheet date (Months)	Number of Installments due	Outstanding as on March 31, 2012
1	Indian Overseas Bank-Term Loan	Primary Security: Exclusive First charge on the Building and plant and machinery of the distillery unit. Par-passu second charge on the fixed assets of Sugar Unit Collateral Security: Extension of the exclusive First charge on the Plant & Machinery of the distillery unit which is valued at Rs.24.93 crores as per the Statutory Auditor's Certificate dated 18.06.2007 Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy, Mrs. T. Sarita Reddy	The Loan shall be repayable in 60 monthly instalments of Rs.28.18 lacs and the last instalment being Rs.28.38 Lacs after an initial holiday period of 24 Months from date of first drawl.	BPLR Less 1% with a minimum of 12.50%-paid monthly	17	17 Monthly instalments	48,544,717
2	Indian Overseas Bank T.L-II	Exclusive First charge on the Building and plant and machinery of the distillery unit. Par-passu second charge on the fixed assets of Sugar Unit Equitable mortgage of 3.25 acres of land of the company which is valued at Rs.5.85 lacs which is exclusive to IOB Bank. Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	The loan should be repaid in 60 monthly instalments of Rs.13.75 Lacs after initial loan holiday of 6 months	BPLR Less 1% with a minimum of 12.50%	24	24 Monthly instalments	33,029,459
3	Yes Bank Limited - Term Loan	(i) First exclusive charge over all the Fixed Assets, both present and future, including the land on which distillery assets have been setup, excluding the building and plant and equipment solely relating to the distillery unit changed to IOB(ii) Second Par-passu charge on Fixed Assets of distillery unit(iii) Pledge on 30% shares of GSL(iv) DSRA of INR 15 MM to be created upfront. Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	The Loan shall be repayable in 48 monthly instalments of Rs.76 Lacs after a initial holiday period of 12 Months from date of first drawl.	BPLR Less 3.5%. Presently 13.00%	36	36 Monthly instalments	273,195,865
4	Andhra Bank-Harvesting Equipment Term Loan	Hypothecation of Two sugar cane harvesters, Four sugar cane infielders and Four Tractors purchased out of our bank finance. Personal Guarantee of Mrs. T. Indira Subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	7 Yearly equal instalments from February 2012.	11.50%	72	6 yearly equal instalments	17,013,591
5	State Bank of India-Excise Duty Term Loan	Residual charge on the fixed assets of Sugar and Distillery Unit Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	The loan will be repaid in 24 monthly instalments after a moratorium of 2 years from the date of first disbursement.	12%	2	2 Monthly instalments	2,269,227
6	Bank of Baroda - Excise Duty Term Loan	Residual charge on the fixed assets of Sugar and Distillery Unit Personal Guarantee of Mrs. T. Indira subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	The loan shall be repaid in 24 monthly instalments of Rs.10.875 Lacs each after moratorium period. (Period of loan is 48 months inclusive of 2 years moratorium period.)	12%	1	1 Monthly instalment	1,087,500

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SL.	Loans	Security	Terms of Repayment	Applicable Interest rates	Period of Maturity with respect to balance sheet date (Months)	Number of Installments due	Outstanding as on March 31, 2012
7	Punjab National Bank - Excise Duty Term Loan	Residual charge on the fixed assets of Sugar and Distillery Unit Personal Guarantee of Mrs. T. Indra subbarami Reddy, Mr. TV Sandeep Kumar Reddy and Mrs. T. Sarita Reddy	Repayment to be made in 24 monthly installments after a moratorium of 2 years from the date of first disbursement.	12%	1	1 Monthly installment	350,000
8	Union Bank of India - Term Loan - I	Pari-passu charge on the Fixed Assets On the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guarantee of Gayatri Projects Limited.	20 Quarterly installments commencing from July 2008	15.39	15	5 Quarterly installments	45,264,638
9	Union Bank of India - Term Loan - II	Pari-passu charge on the Fixed Assets On the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guarantee of Gayatri Projects Limited.	20 Quarterly installments commencing from July 2008	BPLR+1.0%	15	5 Quarterly installments	24,381,579
10	Union Bank of India - Term Loan - III	Pari-passu charge on the Fixed Assets On the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guarantee of Gayatri Projects Limited.	20 Quarterly installments commencing from July 2008	BPLR+1.0%	15	5 Quarterly installments	9,646,959
11	Union Bank of India - Excise Term Loan	Residual charge on the fixed assets of the company.	24 monthly installments after a moratorium of 2 years from the date of first disbursement.	12%	1	1 Monthly installment	4,659,289
12	Andhra Bank - Term Loan - I	Pari-passu First charge on the Present and Future Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guarantee of Gayatri Projects Limited.	20 Quarterly installments commencing from April 2009	BPLR+0.25%	24	8 Quarterly installments	80,000,000
13	Andhra Bank - Term Loan - II	Pari-passu First charge on the Present and Future Fixed Assets of the Company Personal Guarantee of Mrs. T. Indra subbarami Reddy, and Mrs. T. Sarita Reddy and Corporate Guarantee of Gayatri Projects Limited.	20 Quarterly installments commencing from July 2008	BMPLR+0.25%+Term premia	15	5 Quarterly installments	7,028,533
14	Andhra Bank - Excise Term Loan	Residual charge on the fixed assets of the sugar Division. Personal guarantee of Mrs. T. Indra Subbarami Reddy, Mrs. T. Saritha Reddy and Corporate Guarantee of Gayatri Projects Ltd.	24 monthly installments after a moratorium of 2 years from the date of first disbursement.	12%	2	2 Monthly installment	1,520,485
15	Sugar Development Fund - Term Loan	Exclusive charge on the Fixed Assets of the Nizamsagar Unit.	Five yearly installments after moratorium of eight years from date of disbursement.	4%	60	5 Yearly installments	199,160,000
16	Union Bank of India - Vehicle Loan	Hypothecation of Vehicle	60 Monthly Installments Rs.17,380 w.e.f April-10	11.25%	38	38 Monthly Installments	563,186

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Period of Default (No. of days upto date of repayment)	Amount	Period of Default (No. of days upto date of repayment)	Amount
Term Loans				
1 Yes Bank Ltd	Not Paid	7,291,667		
2 Indian Overseas Bank-I	59	2,818,000	Not Paid	2,818,000
3 Indian Overseas Bank-I	Not Paid	2,818,000	Not Paid	2,818,000
4 Indian Overseas Bank-II	59	1,375,000	Not Paid	1,375,000
5 Indian Overseas Bank-II	Not Paid	1,375,000	Not Paid	1,375,000
6 Andhra Bank Harvesting TL	59	1,590,000	–	
7 State Bank of India-EDTL	49	1,133,000	31	1,133,333
8 State Bank of India-EDTL	27	1,133,000	Not Paid	1,133,333
9 Bank Of Baroda -EDTL	30	1,087,500	Not Paid	1,087,500
10 Punjab National Bank-EDTL	9	350,000	–	350,000
11 Union Bank of India-III			Not Paid	119,047
12 Andhra Bank-II			Not Paid	251,499
13 Union Bank of India-EDTL	Not Paid	675,000	–	671,204
14 Andhra Bank-EDTL	Not Paid	1,614,000	–	2,687,500
Interest				
1 Andhra Bank Harvesting TL	Not Paid	178,361		
2 Union Bank of India-I	Not Paid	969,965	36	1124548
3 Union Bank of India-II	Not Paid	380,995	36	605727
4 Union Bank of India-III	Not Paid	150,680	36	230963
5 Andhra Bank-I	Not Paid	1,090,933	64	1468145
6 Andhra Bank-I			33	1490126
7 Andhra Bank-II	Not Paid	110,090	64	175217
8 Andhra Bank-II	–	–	33	162077
9 Indian Overseas Bank-I	–	–	58	983736
10 Indian Overseas Bank-I	–	–	33	1065574
11 Indian Overseas Bank-II	–	–	58	556459
12 Indian Overseas Bank-II	–	–	33	593442

(iii) For the current maturities of long-term borrowings, refer items (a) in Note 10 Other current liabilities.

NOTE 5 LONG-TERM PROVISIONS

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Provision for employee benefits(Refer Note 23)		
(a) Compensated absences	2,460,872	2,085,689
(b) Gratuity	1,071,899	1,103,226
Total	3,532,771	3,188,915

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 6 SHORT-TERM BORROWINGS

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Loans repayable on demand		
From banks		
Secured	604,344,330	605,926,305
(b) Loans and advances from related parties (Refer Note 25)		
Unsecured	80,936,998	77,100,000
Total	685,281,328	683,026,305

Notes:

Details of security for the secured short-term borrowings:

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Loans repayable on demand from banks:		
State Bank of India (Refer Notes (i) & (ii) below)	112,753,282	109,953,299
Bank of Baroda (Refer Notes (i) & (iii) below)	108,813,780	109,094,875
Andhra Bank (Refer Notes (i) & (iv) below)	197,650,928	198,642,391
Punjab National Bank (Refer Notes (i) & (v) below)	33,201,490	36,257,218
United Bank of India (Refer Notes (i) & (vi) below)	151,924,851	151,978,523
Total - from banks	604,344,331	605,926,306

- First charge on all chargeable Current Assets of the company (viz.) Sugar, Molasses, Bagasse, Stores and Spares, Extra Neutral Alcohol, Rectified Spirit and Receivables on pari-passu basis with other members of the consortium.
- Second charge on the company's present and future immovable properties and fixed assets of sugar unit at Kamareddy Unit on pari-passu basis with the other members of the Consortium and term lender (IOB).
- Second charge on the company's buildings, plant & machinery of distillery unit at Kamareddy Unit on pari-passu basis with the other members of the consortium.
- Pledge of shares of GSL belonging to Smt. T. Indira Subbarami Reddy and Sri TV Sandeep Kumar Reddy. Corporate Guarantee of Gayatri Projects Limited.
- Personal guarantee of Shri TV Sandeep Kumar Reddy, Smt. T Indira Subbarami Reddy Reddy and Smt. T. Sarita Reddy.
- Personal guarantee of Shri TV Sandeep Kumar Reddy, Smt. T Indira Reddy and Smt. T. Sarita Reddy.

NOTE 7 TRADE PAYABLES

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Trade Payables (Refer note 22.2)	388,605,716	470,340,682
Total	388,605,716	470,340,682

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 8 OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Current maturities of long-term debt (Refer Note 5)	250,926,500	301,728,000
(b) Interest accrued but not due on borrowings	55,534,527	41,214,194
(c) Interest accrued and due on borrowings	2,703,637	13,002,628
(d) Other payables		
(i) Statutory remittances	31,902,745	51,343,973
(ii) Payables on purchase of fixed assets	15,563,123	15,186,581
(iii) Advances from customers	26,186,259	327,508
(iv) Others - Crop loan	141,978,740	162,064,227
Total	524,795,531	584,867,111

NOTE 9 SHORT-TERM PROVISIONS

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Provision for employee benefits (Refer Note 23)		
(i) Provision for compensated absences	354,639	335,366
(ii) Provision for gratuity	11,892,480	9,123,727
	12,247,119	9,459,093
(b) Provision - Others *		
(i) Provision for proposed preference dividend	5,722,088	5,722,088
(ii) Provision for tax on proposed dividend	802,523	802,523
	6,524,611	6,524,611
Total	18,771,730	15,983,704

* The Company had made the provision towards preference dividend of ₹ 5,722,088 and dividend distribution tax thereon of ₹ 802,523 during the year ended March 31, 2007. In view of the carried forward losses in the books, the Company had not remitted the dividend and tax thereon and is in the process of obtaining consent for not remitting the same

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 10 FIXED ASSETS

Particulars	Gross block			Accumulated depreciation / amortisation				Net block	
	Balance as at 1 April, 2011 ₹	Additions ₹	Disposals ₹	Balance as at 31 March, 2012 ₹	For the year ₹	Eliminated on disposal of assets ₹	Balance as at 31 March, 2012 ₹	Balance as at 31 March, 2012 ₹	Balance as at 31 March, 2011 ₹
A. Tangible assets Owned									
(a) Land - Freehold	33,340,251	—	—	33,340,251	—	—	—	33,340,251	33,340,251
(b) Buildings	364,357,420	—	—	364,357,420	10,402,776	—	93,649,405	270,708,015	281,110,791
(c) Plant and Equipment	2,035,367,495	32,679,356	—	2,068,046,851	101,481,344	—	752,323,239	1,315,723,612	1,384,525,600
(d) Furniture and Fixtures	2,059,408	—	—	2,059,408	130,361	—	1,797,525	261,883	392,244
(e) Vehicles	8,806,115	—	—	8,806,115	836,581	—	6,243,282	2,562,833	3,399,414
(f) Computers	6,497,802	296,535	14,200	6,780,137	1,024,555	4,074	6,273,806	506,331	1,244,477
Total	2,450,428,491	32,975,891	14,200	2,483,390,182	113,875,617	4,074	860,287,257	1,623,102,925	1,704,012,777
Previous year @	1,293,488,972	1,159,064,018	2,124,500	2,450,428,490	117,549,438	215,851	613,665,505	1,836,762,985	
B. Intangible assets									
Goodwill	121,183,880	—	—	121,183,880	12,113,624	—	24,227,250	96,956,630	109,070,254
Total	121,183,880	—	—	121,183,880	12,113,624	—	24,227,250	96,956,630	109,070,254
Previous year	-	121,183,880	—	121,183,880	12,113,624	—	12,113,624	109,070,254	

@ Additions to Gross Block includes assets aggregating to ₹ 1,157,039,664 and Accumulated Depreciation aggregating to ₹ 496,331,918 transferred pursuant to the Scheme of Amalgamation as on 1 April, 2010 (Refer Note 3 (i))

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Work-in-progress	—	23,937,847
(b) Finished goods	506,008,504	899,965,327
Goods-in-transit	69,769,711	—
(c) Stores and spares	24,517,979	27,152,343
(d) By- Products	31,132,294	41,172,584
Total	631,428,488	992,228,101
Details of Finished goods and By Products		
(i) Finished Goods (including Goods-in-transit)		
Sugar	560,020,214	883,174,567
Rectified Spirits	15,758,001	16,790,760
	575,778,215	899,965,327
(ii) By- Products		
Molasses	23,056,785	38,044,784
Distillery	7,028,509	—
Bagasse	1,047,000	3,127,800
	31,132,294	41,172,584

NOTE 12 TRADE RECEIVABLES

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

Unsecured, considered good	238,222	5,584
Other Trade receivables		
Unsecured, considered good	28,757,506	91,535,123
Total	28,995,728	91,540,707

NOTE 13 CASH AND BANK BALANCES

Cash and cash equivalents *

(a) Cash on hand	113,056	122,198
(b) Balances with banks		
In current accounts	19,765,553	20,625,355
	19,878,609	20,747,553

Other Bank Balances

In deposit accounts **	17,151,842	16,038,418
Total	37,030,451	36,785,971

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

**Other Bank balances include deposits amounting to ₹ 17,151,842(As at 31 March, 2011 ₹ 16,038,418) which have an original maturity of more than 12 months and pledged with Banks as security.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 14 SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(a) Loans and advances		
Unsecured, considered good	56,825,274	43,883,666
Doubtful	3,645,045	3,645,045
	<u>60,470,319</u>	<u>47,528,711</u>
Less: Provision for doubtful loans and advances	3,645,045	3,645,045
	<u>56,825,274</u>	<u>43,883,666</u>
(b) Security deposits		
Unsecured, considered good	7,244,505	8,079,696
(c) Loans and advances to employees		
Unsecured, considered good	1,426,775	1,149,179
(d) Prepaid expenses - Unsecured, considered good	3,341,975	3,657,528
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	2,425,388	1,532,815
(ii) Service Tax credit receivable	4,916,651	4,478,598
(f) Advance Taxes and Tax Deducted at Sources	698,458	805,859
Total	<u><u>76,879,026</u></u>	<u><u>63,587,341</u></u>

NOTE 15 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(a) Sale of products (Refer Note (i) below)	2,232,650,880	1,151,142,536
(b) Other operating revenues (Refer Note (ii) below)	28,177,343	8,217,707
	<u>2,260,828,223</u>	<u>1,159,360,243</u>
(c) Less: Excise duty	71,684,639	33,209,551
Total	<u><u>2,189,143,584</u></u>	<u><u>1,126,150,692</u></u>

Notes:
(i) Sale of products comprises
Manufactured goods

Sale of Sugar	1,997,682,514	930,443,050
Sale of Rectified Spirit	177,717,331	168,671,572
Sale of Power	57,251,035	52,027,914

Total

<u><u>2,232,650,880</u></u>	<u><u>1,151,142,536</u></u>
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(ii) Other operating revenues comprise:

Sale of scrap	1,286,862	868,709
Duty drawback and other export incentives	23,176,460	5,064,000
Others - Freight recoveries	3,714,021	2,284,998

Total

<u><u>28,177,343</u></u>	<u><u>8,217,707</u></u>
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 16 OTHER INCOME

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(a) Interest income		
From banks on deposits	1,237,138	1,153,797
Interest income on Income Tax Deducted at Sources	5,925	—
Other interest income	—	35,159
(b) Other non-operating income		
Liabilities / provisions no longer required written back	27,269	1,866,709
Insurance claims	812,080	600,841
Total	<u>2,082,412</u>	<u>3,656,506</u>

NOTE 17 (A) COST OF MATERIALS CONSUMED

Opening stock	—	—
Add: Purchase of Sugar cane, molasses etc.	1,363,574,560	1,134,914,753
Less: Closing stock	—	—
Total	<u>1,363,574,560</u>	<u>1,134,914,753</u>

Material consumed comprises:

Sugar Cane	1,331,156,815	1,097,948,552
Molasses	5,477,656	36,478,081
Other items	26,940,089	488,120
Total	<u>1,363,574,560</u>	<u>1,134,914,753</u>

**NOTE 17 (B) CHANGES IN INVENTORIES OF
FINISHED GOODS AND WORK-IN-PROGRESS**

Inventories at the end of the year:

Finished goods	606,910,509	941,137,911
Work-in-progress	—	23,937,847
	<u>606,910,509</u>	<u>965,075,758</u>

Inventories at the beginning of the year:

Finished goods	941,137,911	462,047,313
Work-in-progress	23,937,847	—
	<u>965,075,758</u>	<u>462,047,313</u>

Net (increase) / decrease

<u>358,165,249</u>	<u>(503,028,445)</u>
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NOTE 18 EMPLOYEE BENEFIT EXPENSES

Salaries and wages	77,767,342	67,363,771
Contributions to provident and other funds (Refer Note 23.1.a)	5,328,680	4,953,239
Staff welfare expenses	3,052,841	2,746,770
Total	<u>86,148,863</u>	<u>75,063,780</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 19 FINANCE COSTS

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
(a) Interest expense on: Borrowings	226,706,761	199,809,379
(b) Other borrowing costs	12,884,622	9,597,758
Total	239,591,383	209,407,137

NOTE 20 OTHER EXPENSES

Consumption of stores and spare parts	108,684,705	99,315,565
Distillery Expenses	8,132,016	4,032,194
Handling Charges	15,842,760	7,563,580
Increase / (decrease) of excise duty on inventory	(14,290,129)	21,711,486
Power and fuel	7,608,721	8,861,550
Rent including lease rentals	1,110,082	839,904
Repairs and maintenance		
- Buildings	459,984	1,062,373
- Machinery	10,842,664	11,151,911
- Others	2,026,501	671,928
Insurance	3,529,706	2,544,333
Rates and taxes	3,529,121	3,148,191
Communication	1,061,486	937,286
Travelling and conveyance	5,280,233	4,170,481
Printing and stationery	824,250	307,356
Sales commission	209,024	152,304
Legal and professional	2,601,872	2,872,673
Payments to auditors - Statutory Audit Fee	1,500,000	1,200,000
Amalgamation Expenses written off	—	1,480,472
Loss on fixed assets sold	8,031	62,864
Miscellaneous expenses	6,292,641	6,483,145
Total	165,253,668	178,569,596

NOTE 21 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS
21.1 Contingent liabilities and commitments

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	2,494,497	2,494,497
(b) Dividend on 6% Cumulative Redeemable Preference Shares	33,251,767	26,601,414
(c) Dividend on 6% Cumulative Optionally Convertible Preference Shares.	9,219,062	4,609,531
(d) Crop loans given to farmers by the banks have been guaranteed by the Company	12,363,318	156,246,160
(e) Corporate guarantees given to a Supplier for supply of PVC pipes to farmers	15,000,000	—
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account		
Tangible assets	475,000	475,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,212,698	1,645,157
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	—	—
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	—	—
(iv) The amount of interest due and payable for the year	—	—
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	—	—
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	—	—
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.		

21.3 Details of consumption of imported and indigenous items

Particulars	For the Year ended 31 March, 2012 ₹	For the Year ended 31 March, 2011 ₹
Raw Materials		
Imported	—	—
Indigenous	1,363,574,560	1,134,914,753
	1,363,574,560	1,134,914,753
% Consumption		
Imported	—	—
Indigenous	100	100
Spare parts & Consumables		
Imported	—	—
Indigenous	108,684,705	99,315,565
% Consumption		
Imported	—	—
Indigenous	100	100

NOTE 22 DISCLOSURES UNDER ACCOUNTING STANDARDS

Note

22.1 Employee benefit plans

22.1a Defined contribution plans

The Company makes Provident Fund to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 5,328,680 (Year ended 31 March, 2011 ₹ 4,953,239) 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.

22.1b Defined benefit plans

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

- i. Gratuity
- ii. Compensated Absences

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	₹	₹	₹	₹
Components of employer expense				
Current service cost	988,630	117,548	821,182	268,481
Interest cost	818,156	193,684	460,146	121,609
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Past service cost	—	—	21,323	—
Actuarial losses/(gains)	930,640	83,224	3,617,628	1,872,054
Total expense recognised in the Statement of Profit and Loss	2,737,426	394,456	4,920,279	2,262,144
Actual contribution and benefit payments for year				
Actual benefit payments	—	—	(445,157)	(1,361,200)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity	Compensated Absences	Gratuity	Post-employment medical benefits
	₹	₹	₹	₹
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	10,226,953	2,421,055	5,751,831	1,520,111
Current service cost	988,630	117,548	821,182	268,481
Interest cost	818,156	193,684	460,146	121,609
Actuarial (gains) / losses	930,640	83,224	3,617,628	1,872,054
Past service cost	—	—	21,323	—
Benefits paid	—	—	(445,157)	(1,361,200)
Present value of DBO at the end of the year	12,964,379	2,815,511	10,226,953	2,421,055
Actuarial assumptions				
Discount rate	8%	8%	8%	8%
Salary escalation	4%	4%	4%	4%
Attrition	5%	5%	5%	5%

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

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

Experience adjustments					
	2011-12	2010-11	2009-10	2008-09	2007-08
Gratuity					
Present value of DBO	12,964,379	10,226,953	5,240,486	4,804,463	7,212,467
Experience gain / (loss) adjustments on plan liabilities	—	—	—	—	—
Compensated Absences					
Present value of DBO	2,815,511	2,421,055	1,137,948	1,280,108	—
Experience gain / (loss) adjustments on plan liabilities	—	—	—	—	—

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE 23 DISCLOSURES UNDER ACCOUNTING STANDARDS****Segment information**

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

Particulars	For the year ended 31 March, 2012			For the year ended 31 March, 2011			
	Business segments		Total	Business segments			Total
	Sugar ₹	Distillery ₹	Eliminations ₹	Sugar ₹	Distillery ₹	Eliminations ₹	₹
Revenue	2,011,426,253	177,717,331	—	957,661,143	168,489,549	—	1,126,150,692
Inter-segment revenue	68,590,703	—	68,590,703	64,888,762	—	64,888,762	—
Total	2,080,016,956	177,717,331	68,590,703	1,022,549,905	168,489,549	64,888,762	1,126,150,692
Segment result	76,817,407	13,194,597	90,012,004	153,099,757	(42,131,813)	—	110,967,944
Interest Expense	223,794,411	15,796,972	239,591,383	188,272,652	21,134,485	—	209,407,137
Operating income	(146,977,004)	(2,602,375)	(149,579,379)				
Other income (net)			2,082,412				3,656,506
Loss before taxes			(147,496,968)				(94,782,687)
Tax expense			—				—
Loss profit for the year			(147,496,968)				(94,782,687)
Segment assets	2,081,936,501	412,920,465	2,494,856,966	2,502,271,888	390,924,077		2,893,195,965
Unallocable assets			698,458				109,060,516
Total assets			2,495,555,424				3,002,256,481
Segment liabilities	1,922,624,175	107,689,821	2,030,313,996	2,153,096,678	240,268,142		2,393,364,820
Unallocable liabilities			87,461,609				83,614,873
Total liabilities			2,117,775,604				2,476,979,693
Net Assets			377,779,820				525,276,788
Other information							
Capital expenditure- Tangible	32,975,891	—	32,975,891	2,024,354	—	—	2,024,354
Depreciation and amortisation	93,484,794	20,390,823	113,875,617	97,247,458	20,301,980	—	117,549,438
Unallocated amortisation	—	—	12,113,624	—	—	—	12,113,626
Total Depreciation and amortisation	93,484,794	20,390,823	125,989,241	97,247,458	20,301,980	—	129,663,064

* Includes sale of power ₹ 57,251,035 (31.03.2011 ₹ 52,027,914), 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.

** Excludes Goodwill ₹ 121,183,880 arising on Amalgamation.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 24 DISCLOSURES UNDER ACCOUNTING STANDARDS
RELATED PARTY TRANSACTIONS**
(i) Details of related parties:

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

Note: Related parties have been identified by the Management.

(ii) Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

	Company Under Common Management	Key Management Personnel	Trust under common management	Major Shareholder having common independent director	Relatives of Key Management Personnel	Total
Remuneration to Executive Director (Smt. T Sarita Reddy)	—	3,976,578 (3,942,256)	—	—	—	3,976,578 (3,942,256)
Issue of Equity Shares (including Premium of ₹ 1.75 per share amounting to ₹ 24,150,000)						
Dr. T Subbarami Reddy					— (36,203,207)	— (36,203,207)
Smt. T Indira Subbarami Reddy					— (15,000,003)	— (15,000,003)
Sri. TV Sandeep Kumar Reddy					— (57,090,994)	— (57,090,994)
Gayatri Fin Holdings Limited	(53,855,796)				—	(53,855,796)
Issue of Preference Shares						
Gayatri Fin Holdings Limited	(17,102,100)					(17,102,100)
Mohan Project Contractors Pvt. Ltd.	(49,000,000)					(49,000,000)
Rent paid						
Deep Corporation Private Limited	902,432 (713,133)	—	—	—	—	902,432 (713,133)
Unsecured Loan						
Mohan Project Contractors Pvt. Ltd.	—	—	—	3,836,998 (77,100,000)	—	3,836,998 (77,100,000)
Contribution towards donations						
TSR Foundation	—	—	550,000 (600,000)	—	—	550,000 (600,000)
Balances outstanding at the end of the year						
Unsecured Loan						
Mohan Project Contractors Pvt. Ltd.	—	—	—	80,936,998 (77,100,000)	—	80,936,998 (77,100,000)
Deep Corporation Private Limited	11,340 (-)					

Note: Figures in bracket relates to the previous year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 25 DISCLOSURES UNDER ACCOUNTING STANDARDS

Particulars	For the Year ended 31 March, 2012 ₹	For the Year ended 31 March, 2011 ₹
25 Earnings per share		
Net loss for the year	(147,496,968)	(94,782,687)
Less: Preference dividend and tax thereon	11,259,884	11,259,884
Net loss for the year attributable to the equity shareholders	(158,756,851)	(106,042,571)
Weighted average number of equity shares	43,703,643	43,703,643
Par value per share	10	10
Earnings per share - Basic / Diluted	(3.63)	(2.43)

Note : Potential Equity Shares on account of conversion of 6% Cumulative Optionally Convertible Preference Shares has been ignored in calculating Diluted EPS since it is anti-dilutive in nature as on 31st March, 2012 and 31st March, 2011 respectively.

Particulars	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
26 Deferred tax (liability) / asset		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	212,018,147	202,703,754
Others -	—	—
Tax effect of items constituting deferred tax liability	212,018,147	202,703,754
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	5,119,785	4,103,646
Provision for doubtful debts / advances	1,182,635	1,182,635
Unabsorbed depreciation carried forward	205,715,727	197,417,473
Tax effect of items constituting deferred tax assets	212,018,147	202,703,754
Net deferred tax (liability) / asset	—	—

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

Note 27 Loans and Advances include ₹6,739,990 (Year ended 31 March, 2011 ₹10,490,081) receivable from Banks paid towards interest on loans under "Scheme for Extending Financial Assistance to Sugar Undertakings" ("SEFASU"). Under the scheme, the concessional interest is reimbursed by the Central Government directly to the banks. Upon reimbursement from the Central Government the interest recovered by the banks will be reimbursed to the Company. Considered good for recovery by the management.

Note 28 Changes in inventories of finished goods and work in progress for the year ended includes ₹ 42,705,608 of Interest paid on working capital which had been considered for the purpose of valuation of Inventories as of 31 March, 2011. In the current year inventories are being valued excluding interest cost.

Note 29 Previous year's figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.

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

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

(Registration No. 008072S)

Ganesh Balakrishnan

Partner

For and on behalf of the Board

Chinna Gurappa

Chief Financial Officer

P Maruthi Babu

Director

T Sarita Reddy

Executive Director

Place : Hyderabad

Date : 09 May, 2012

GAYATRI SUGARS LIMITED

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

FORM OF PROXY

I/We of
..... being
a member/members of Gayatri Sugars Limited hereby appoint
..... of
..... failing
him/her of
..... as my/
our proxy to vote for me/us and of my/our behalf at the 17th Annual General Meeting to be held
at 4.00 p.m. on Tuesday, the 25th September, 2012 or at any adjournment thereof.

Signed this day of of 2012

Affix
Re. 1/-
revenue
stamp

Regd Folio No.

No of Shares

ATTENDANCE SLIP

16th Annual General Meeting

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

Name of the Member :

Members Folio No :

No of shares held :

Name of Proxy :
(in case of Proxies only)

I hereby record my presence at the 17th Annual General Meeting of the Company on Tuesday,
the 25th September, 2012.

.....
*Member/Proxy Signature

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