



GAYATRI SUGARS LIMITED

**EIGHTEENTH ANNUAL REPORT
2012-13**



18th Annual General Meeting

Day : Monday

Date : 30th September, 2013

TIME : 10.00 A.M.

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

EIGHTEENTH ANNUAL REPORT 2012-13

BOARD OF DIRECTORS

Smt T Indira Subbarami Reddy
Sri. T V Sandeep Kumar Reddy
Sri. T R Rajagopalan
Sri. P Maruthi Babu
Sri. S Venkata Swamy
Smt. T Sarita Reddy

Chairperson
Vice Chairman
Director
Director
Director
Executive Director

CHIEF FINANCIAL OFFICER

Mr. V. R. Prasad

COMPLIANCE OFFICER

Mr. B. Shankar Rao

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants
Secunderabad

COST AUDITORS

M/s Narasimha Murthy & Co
Cost Accountants,
Hyderabad

BANKERS

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

REGISTERED OFFICE

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

FACTORIES

Kamareddy Unit

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

Nizamsagar Unit

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

NOTICE

NOTICE is hereby given that the Eighteenth ANNUAL GENERAL MEETING of M/s. Gayatri Sugars Limited will be held at KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad - 500 004, on Monday, the 30th day of September, 2013 at 10.00 a.m to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit and Loss Account and Cash flow statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri T.V. Sandeep Kumar Reddy, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Venkataswamy, who retires by rotation, and being eligible, offers himself for re-appointment.

4. TO APPOINT AUDITORS AND FIX THEIR REMUNERATION

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

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

SPECIAL BUSINESS:

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

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

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

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

i. Period of Appointment

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

ii. Salary

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

iii. Perquisites

Housing:

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

Medical Reimbursement :

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

Leave Travel Concession:

One month salary per year for herself and her family.

Club Fees:

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

Personal Accident Insurance:

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

Provident Fund:

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

Gratuity:

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

Leave:

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

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

Telephone:

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

Car:

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

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

considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director)
Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

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

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

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

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

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

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

Place: Hyderabad
Date: August 12, 2013

(T. Sarita Reddy)
Executive Director

NOTES:

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item No.6 if any is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies, in order to be effective must be received at the company's registered office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Friday 27th September, 2013 to Monday, 30th September, 2013 (both days inclusive).
4. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
5. Members who hold shares in dematerialized form are requested to write their client ID and DP ID Nos and those who hold shares in physical form are requested to mention their folio no. in the attendance slip for attending the meeting.
6. Members are requested to intimate the Registrars and Share Transfer Agents of the company, M/s. Venture Capital and Corporate Investments Private Limited, H.No. 12-10-167, Bharat Nagar, Hyderabad - 500018 cont: 040- 23818475, 23818476 immediately for any change in their address.
7. A member desirous of seeking any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

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

Place: Hyderabad
Date: August 12, 2013

(T. Sarita Reddy)
Executive Director

ANNEXURE TO NOTICE

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

ITEM NO. 5:

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

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

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

The Board of Directors recommends the Resolution for your approval.

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

I. GENERAL INFORMATION

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

II. INFORMATION ABOUT THE APPOINTEE:

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

III. OTHER INFORMATION :

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

Internal Methods:

- 1. Drip Irrigation** - The Company encouraged the Drip Irrigation System by giving 1 MT of Seed Cane as subsidy who ever plants Sugarcane under Wider Spacing. Wider spacing ensures much higher yield.
- 2. Labour** is a big Challenge, company has procured 2 harvesting machines to ensure timely crop harvesting.
- 3. Modification of Plant & Equipment:**
 - a. Evaporator and Installation of new Spray Dryer :**
The Company's Distillery plant is having installed capacity of 45 KLPD and permission to run the Distillery for 270 Days in a year. The Company could not operate 270 days in a year because of the large qty of spent wash which is generated. The Company modified the Evaporator and installed Dryer to operate the Distillery unit for 270 days in a year.
 - b. Installation of Steam Saving Equipment:**
The Company is implementing the installation of Steam Saving Equipments to bring down the steam % Cane from present 49% to 35%. This will result saving in consumption of baggase and there by generation of more power.
 - c. Installation of Chopper:**
The company is installing the chopper in order to achieve optimum utilisation of the plant.

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

External Methods:

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

The Company expects better cash profits during the year 2014-15.