



GAYATRI SUGARS LIMITED

**TWENTIETH ANNUAL REPORT
2014-15**



20th Annual General Meeting

Day : Saturday

Date : 26th September, 2015

TIME : 11.30 A.M.

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

TWENTIETH ANNUAL REPORT 2014-15

CORPORATE INFORMATION

BOARD OF DIRECTORS

Smt. T Indira Subbarami Reddy

Sri. T V Sandeep Kumar Reddy

Smt. T Sarita Reddy

Sri. S Venkata Swamy

Sri. T R Rajagopalan

Sri. J N Karamchetti

Chairperson/Director (DIN: 00009906)

Vice Chairman/Director (DIN: 00005573)

Executive Director (DIN: 00017122)

Director (DIN: 00020620)

Director (DIN: 00020643)

Director (DIN: 00940963)

CHIEF FINANCIAL OFFICER

Mr. V.R. Prasad

COMPANY SECRETARY/ COMPLIANCE OFFICER

Ms. Munmun Baid

REGISTERED OFFICE

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

Phone Nos: 23414823/24/25/26

Fax No: 23414827

Email: gayatrisugars@gmail.com

CORPORATE IDENTITY NUMBER

L15421TG1995PLC020720

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants
Secunderabad

COST AUDITORS:

M/s Narasimha Murthy & Co
Cost Accountants,
Hyderabad

BANKERS

Andhra Bank

Union Bank of India

Bank of Baroda

State Bank of India

Punjab National Bank

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Venture Capital and Corporate
Investments Private Limited

H.No. 12-10-167, Bharat Nagar,
Hyderabad – 500018.

Ph: 040-23818475, 23818476

FACTORIES

Kamareddy Unit

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

Phone No: (08468) 203331

Nizamsagar Unit

Maagi Village,
Nizamsagar Mandal,
Nizamabad District,
Telangana.

Phone No: (08465) 275577

Fax No: (08465) 275800

NOTICE

NOTICE is hereby given that the 20th ANNUAL GENERAL MEETING of the Shareholders of M/s. Gayatri Sugars Limited will be held on Saturday, the 26th day of September, 2015 at 11:30 A.M. at Surana Udyog Hall, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, D.No. 11-6-841, Red Hills, Hyderabad – 500 004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Sri. T.V. Sandeep Kumar Reddy [DIN: 00005573] who retires by rotation and being eligible, offers himself for re-appointment.

3. TO APPOINT AUDITORS AND FIX THEIR REMUNERATION

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

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company at such remuneration plus service tax, out-of pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

4. ORDINARY RESOLUTION FOR RATIFICATION OF REMUNERATION PAYABLE TO M/S. NARASIMHA MURTHY & CO., APPOINTED AS COST AUDITORS OF THE COMPANY FOR THE F.Y 2015-16.

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Narasimha Murthy & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of Sugar, Power and Distillery divisions of the Company for the financial year 2015-16, for a remuneration of Rs. 1,50,000 (Rupees One Lakh Fifty Thousand) per annum plus applicable service tax and out of pocket expenses that may be incurred, be and is hereby ratified.”

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

5. REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR) ON THE EROSION OF NET WORTH OF THE COMPANY:

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

“RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 and other provisions if any, since the net worth of the Company has eroded 100% net worth of the Company, Board of Directors of the Company be and are hereby authorized to file an application including applications made if any, earlier with necessary documents to the Board for Industrial and Financial Reconstruction (BIFR) for rehabilitation of the Company”.

“RESOLVED FURTHER THAT Smt. T. Sarita Reddy, Executive Director of the Company be and is hereby authorized to file the reference with Hon’ble BIFR and to submit any other information in any form and manner as may be required by the said Board and to appoint representatives / counsel or authorize any of the employees of the Company to the said Board or any other authority in this regard”.

6. ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION OF COMPANY *INTERALIA* PURSUANT TO THE COMPANIES ACT, 2013

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

“RESOLVED THAT pursuant to the provisions of Sections 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association which is available for public inspection at the Registered Office of the Company and on the company’s website, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to undertake all such acts, deeds, matters and things to finalise and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, to enable this resolution, and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution.

**For and on behalf of the Board
Gayatri Sugars Limited**

Place : Hyderabad
Date : 14th August, 2015

**(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/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Registered Office of the Company by not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable, issued on behalf of the nominating organization.

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

2. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2015 to 26th September, 2015 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
8. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Venture Capital and Corporate Investments Private Limited).
9. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
10. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to **M/s. Venture Capital and Corporate Investments Private Limited**, Share Transfer Agents of the Company for their doing the needful.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
12. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and

correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.

13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.

14. Brief Resume of the Directors:

At the ensuing Annual General Meeting, Sri. T.V. Sandeep Kumar Reddy, Director retire by rotation and being eligible offers himself for re-appointment. The relevant information as required under Clause 49 of Listing Agreement concerning Corporate Governance Code in respect of appointment / re-appointment of Directors is given below for information of the Members;

Sri. T.V. Sandeep Kumar Reddy joined Gayatri Sugars in 1995, he has vast experience in the sugar sector. His other ambitious forays include Infrastructure Projects, Real Estate and Bio-organics. He has done his Masters in Construction Engineering and Management from the University of Michigan, USA and also holds a Bachelor's Degree in Civil Engineering from Purdue University, USA. He envisions the Gayatri Group becoming the leading business house of modern India.

15. Electronic copy of the Annual Report for 2014-2015 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-2015 is being sent in the permitted mode.
16. Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report for 2014-2015 will also be available on the Company's website www.gayatrisugars.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: csmunmun@gayatri.co.in / compliance.gayatrisugars@gayatri.co.in.

17. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by M/s Central Depository Services Limited (CDSL).

The instructions for e-voting are as under:

(A) In case of members receiving e-mail

(I) Instructions for e-voting

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "Gayatri Sugars Limited" from the drop down menu and click on "SUBMIT"

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

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

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

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

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

- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

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

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

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

The e-voting period commences on 23 September, 2015 (09:00 A.M.) and ends on 25 September, 2015 (05:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19 September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e 19 September, 2015.

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

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

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

**For and on behalf of the Board
Gayatri Sugars Limited**

Place : Hyderabad
Date : 14th August, 2015

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

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

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

Item No. 4:

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

Based on the recommendation of the Audit Committee, the Board has, considered and approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants as the cost auditors for the financial year 2015-16 at a remuneration of Rs.1.50 lac per annum plus applicable service tax and reimbursement of out of pocket expenses.

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

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

Item No. 5:

It is brought to the attention of members that the Sugar selling price fallen down year after year due to surplus domestic Inventory. Sugar output production in India is ahead of consumption for the fifth successive year. The Closing inventory of Sugar as of September, 2014 in the Country was 75.00 lakh Tonnes and the production of sugar during the season 2014-15 was 280.00 lakh Tonnes resulting excess inventory over the domestic demand of 240.00 Lakh Tonnes Quintals resulting in decline of average sugar prices from Rs. 2900 to Rs.2250 in local market. For the Sugar Season 2014-15, the Central Government fixed the Fair and Remunerative Price (FRP) for Sugar Cane at Rs 2200/- per Tonne for Basic recovery rate of 9.5% with a premium of Rs 2.32 for every 0.1% increase in the Recovery rate which is 7.68 % higher than the price of the previous year season. The Central Government is increasing the FRP at a higher year after year resulting steep rise in the Cane cost. Due to the reasons explained above, the company incurred losses year after year and led to erosion of Net worth of the company for more than 100% for the Financial Year 2014-15.

Hence the Board of Directors at their meeting held on 14th August, 2015 decided to make a reference of the Company to the BIFR since the Company has become a sick Company under Section 3(1)(o) of the Sick Industrial Companies(Special Provision) Act, 1985. Hence in order to pursue the matter, the Board proposes to seek the approval of the members by way of special resolution and hence a special resolution as set out in the notice is recommended for the member's approval.

None of the Directors are interested or concerned in this resolution.

Item No. 6:

The Articles of Association ("AoA") of the Company as presently in force since its incorporation of the Company i.e. year 1995. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ("the Act").

The Act is now largely in force with Rules thereon. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014,