



GAYATRI SUGARS LIMITED

**FIFTEENTH ANNUAL REPORT
2009-10**

FIFTEENTH ANNUAL REPORT 2009-10

BOARD OF DIRECTORS

Smt T Indira Subbarami Reddy	Chairperson
Sri T V Sandeep Kumar Reddy	Vice Chairman
Sri T R Rajagopalan	Director
Sri P Maruthi Babu	Director (w.e.f. 20.04.2010)
Dr A K Bhattacharya	Director (upto 29.05.2010)
Sri S Venkata Swamy	Director
Smt T Sarita Reddy	Executive Director

COMPLIANCE OFFICER

Sri Chinna Gurappa	Chief Finance Officer
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AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants
Secunderabad

BANKERS

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

REGISTERED OFFICE

Door No. 6-3-663/E
Flat No. 301, Diamond House,
Panjagutta,
Hyderabad – 500 082.
Phone Nos: 23414823/26
Fax No: 23414827
E-mail: gayatrisugars@sify.com

FACTORY

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

Fifteenth Annual Report

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. Members / Proxies are also requested to bring along with them the Annual Reports being sent to them.
2. Members are requested to notify immediately any change, in their address to the company at the Registered Office.
3. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the company at least 7 days before the date of the meeting, so that the information required by the members may be made available at the meeting.
4. Members holding more than one share certificate in the same name under different folios are requested to apply for consolidation of such folios in one folio and send relevant share certificates to the company's registrars and share transfer agents M/s Venture Capital and Corporate Investments Limited.
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 their folio No in the attendance slip for attending the meeting.
6. The Register of Members and the Share Transfer Registers will be closed from 29.07.2010 to 31.07.2010 (Both days inclusive)
7. Members are requested to intimate the Registrars and share transfer agents of the Company, M/s Venture Capital and Corporate Investments Limited, House No. 12-10-167, Bharat Nagar, Hyderabad - 500018 Ph: 23818475, 23818476 immediately of any change in their address.
8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed hereto.
9. The Board of Directors approved the shifting of the Registered Office of the Company to B2, 2nd Floor, 6-3-1090, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082 with effect from 15.07.2010.

15th Annual General Meeting

Day : Saturday

Date : 31st July, 2010

TIME : 4.00 P.M.

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

NOTICE

NOTICE is hereby given that the **Fifteenth Annual General Meeting** of the members of the Company will be held at Surana Udyog Hall, Federation House, Door No: 11-6-841, Red Hills, Hyderabad- 500 004 on Saturday the 31st day of July, 2010 at 4.00 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010, the Profit and Loss Account and Cashflow Statement for the year ended on 31st March, 2010 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri TR Rajagopalan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri S Venkataswamy, who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit, to pass the following resolution as an ordinary resolution.
"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, Secunderabad be and are hereby reappointed as the Auditors of the Company to hold 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. To Consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:
"RESOLVED THAT Sri P Maruthi Babu, who was appointed as an additional Director as per Section 260 of the Companies Act, 1956 and Article 98 of the Articles of Association of the company who holds office up to the date of this meeting, be and is hereby appointed as a Director of the Company subject to retirement by rotation."
6. Creation of security in favour of YES BANK Limited
To Consider and if thought fit, to pass with or without modifications the following resolution as a special resolution:
"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions of the Companies Act, 1956 to mortgage and /or charging by the Board of Directors of the company all the immovable and movable properties of the company where so ever situate, both present and future, excluding the buildings and plant & machinery of distillery unit charged to Indian Overseas Bank and/or conferring power to enter upon and to take possession of assets of the company in certain events, to or in favour of the YES BANK Limited to secure the term loan of Rs.35 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premium on repayment or on redemption, costs, charges, expenses and other moneys payable by the company to YES BANK Limited under Term Loan agreement entered into/to be entered into by the company in respective of the said financial assistance.
FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board hereby authorized to do all such acts/deeds/matters in its absolute discretion as it may deem necessary and to settle any doubt/question of difficulty that may arise in creation of such mortgage/charges or hypothecation or disposal in favour of any lender as aforesaid and to finalise, execute any such deeds, agreements or documents as may be required or desirable or deem fit".
7. Considering the re-appointment of Smt. T Sarita Reddy as the Executive Director w.e.f. 1st May 2010.
To consider and if thought fit to pass, with or without modification, the following resolution as Ordinary resolution

Fifteenth Annual Report

"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 Audit Committee and Board of Directors, consent of the members be and 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:

1. Period of Appointment

The appointment is for a period of 3 years commencing from 1st May 2010

2. Salary

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

3. Perquisites

i) 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.

ii) 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.

iii) Leave Travel Concession:

One month salary per year for herself and her family.

iv) Club Fees:

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

v) Personal Accident Insurance:

Premium not to exceed Rs.4,000/- per annum.

vi) Provident Fund:

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

vii) Gratuity:

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

viii) 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.

ix) Telephone:

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

x) 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) •

xi) 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 is 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".

8. Alteration of the Articles of Association (AA) of the company

To Consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 the Articles of Association be and hereby altered by

a. deletion of the following Articles

2. Interpretation of AA:-

- z) "Investment Amount"** shall have the meaning ascribed in the Debenture Agreement dated 30.03.2008.
- aa) "Investor"** shall have the meaning ascribed in the Debenture Agreement dated 30.03.2008
- bb) "Lien"** means any mortgage, charge, pledge, hypothecation, security interest, encumbrance, or any other similar monetary obligation having similar effect.
- cc) "Fixed Assets"** mean the assets of the Company as detailed in Annexure A of the Debenture Agreement and shall include any future assets of the Company.
- dd) "Securities"** shall mean the Debentures stipulated in the Debenture Agreement dated 30.03.2008 which shall be secured by the Company as mentioned therein.
- ee) "Management Personnel"** shall mean and include all such employees of the Company who have the designation of a manager or any higher designation in the Company.
- ff) "Debentures"** means 350 (three hundred and fifty) number of 14% non convertible debentures of Rs. 1,000,000/- (Rupees One Million each) which are issued to the Investor under the terms of the Debenture Agreement pursuant to the Investment Amount extended by the Investor to the Company.
- gg) "Redemption Schedule"** shall be as described in Annexure C of the Debenture Agreement.
- hh) "Breach"** means any act or omission or untrue, inaccurate or misleading statement or negligent act or misrepresentation that constitutes a material breach of an obligation, representation, warranty or covenant including by way of a fraud, by the Company and the Promoters and includes the failure of the Company and the Promoters to perform their respective obligations the Debenture Agreement and the term "Breached" would be construed accordingly.
- ii) "Penal Interest"** means penal interest at the rate of 1.5% (one and half percent) per month which the Company agrees to pay to the Investor if the Debenture is not redeemed in accordance with the Redemption Schedule and Interest accruing and becoming due under the Debenture Agreement and not paid on the Due Date.

- jj) "Due Date" means, in respect of :
- i Debentures - the date on which redemption is to be effected in accordance with the Redemption Schedule; and
 - ii. Interest including Penal Interest the date on which such Interest or Penal Interest falls due.

130A. MATTERS REQUIRING APPROVAL OF THE INVESTOR:

The Company shall not and the Promoters shall cause the Company to not, decide the following matters without the prior written approval of the Investor or the Investor nominated director:

- a) Create or permit any Lien on or transfer or alienate, in any manner any of the Fixed Assets of the Company provided as a Security for the Debentures.
- b) Create any liabilities relating to any "cane areas".
- c) Declare dividends or make any shareholder advances.
- d) Alter the capital structure of the Company or issue any equity or equity linked securities.
- e) Undertake or permit any joint venture, merger, consolidation, reorganization of capital structure, scheme of arrangement, or compromise with its long term creditors excluding creditors in the ordinary course of business or shareholders, or effect any scheme of amalgamation or reconstruction.
- f) Undertake any project for modernization, diversification or substantial expansion of any projects.
- g) Undertake any public offering including decisions of fixing the issue price.
- h) Change the composition of the Board of Directors.
- i) Alter the Charter Documents of the Company.
- j) Take on any further debt (including but not limited secured or unsecured loan, debentures, working capital loans and deposits).
- k) Issue any guarantees or encumber the Fixed Assets of the Company.
- l) Acquire, sell, lease, transfer or otherwise dispose off, whether by one transaction or by a series of transactions, any asset or create any security interest on any of the Company's assets.
- m) Appoint or terminate the employment of the Key Management Personnel.
- o) Engage in any related party transactions.
- p) Change the remuneration of the executive directors or of the Promoters of the Company.
- q) Alter any material contracts entered into by the Company or execute or renew any material contracts by the Company.
- r) Incur capital expenditure which exceeds Rs.5,000,000/- over and above the capital expenditure approved under Annexure H.
- s) Create new subsidiaries or further invest in existing subsidiaries or affiliate companies.
- t) Acquire shares of any listed or unlisted company.
- u) Transact arrangements involving any guarantee to be given in favour of the Promoters.
- v) Commence, compromise or discontinue any legal or arbitration proceedings.
- w) Maintain a current ratio of a minimum of 1.15.
- x) Enter into or vary in any material respect any transaction otherwise than in the ordinary course of trading and on arm's length terms.
- y) Engage in any new business activities.
- z) Contract arrangements between the Company and the Promoters.
- aa) All matters not specified in the agenda for meetings of Board of Directors.

134 ii. DEBENTURE DIRECTOR:

The Investor shall have the right to appoint 1 (one) nominee as director on the Board of Directors of the Company, and shall also have the right to appoint 1 (one) nominee as alternate director. Further, the Investor

shall have the right to have its nominee director or alternate director be appointed to any committees or sub committees of the Board of Directors. Therefore, a quorum of the committees and sub committees of the Board of Directors shall exist only if the nominee director or alternate director of the Investor is present at their meetings.

134A. EVENTS OF DEFAULT:

If one or more of the events specified below (hereinafter referred to as the "Event of Default"), happen(s), the Investor may, declare that the secured amounts to be due and payable forthwith, subject to a written notice of thirty (30) days ("Cure Period"), provided by the Investor to the Company to remedy such breach:

- a. Default has occurred in redemption of the Debentures in accordance with the Redemption Schedule and/or default in payment of Interest on the Due Date and the Investor has not given any written approval for extending the Due Date.
- b. Default has occurred with respect to other lenders. With respect to the cross default as mentioned herein, the Event of Default with respect to the Investor would be deemed to have occurred 1 (one) day prior to the occurrence of such default vis-à-vis the other lenders.
- c. In the opinion of the Investor breach has been committed by the Company in respect of any Detailed Warranties and Representation.
- d. Default has occurred in the performance of any other covenant, condition precedent or subsequent or agreement on the part of the Company under this Agreement and/or any other agreement.
- e. If the Fixed Assets offered to the Investor as security for the Debentures have not been kept insured by the Company or depreciate in value to such an extent that, in the opinion of the Investor further security to the satisfaction of the Investor should be given and on advising the Company to that effect such security has not been given to the Investor within one (1) month from the date of intimation.
- f. Default to pay any liabilities, contingent or otherwise, relating to the period before Closing.

Notwithstanding the above, the occurrence of the following events shall also be construed as Events of Default for which there shall be no Cure Period and the Investor shall not be obligated to provide any notice to the Company.

- a. If any proceedings for taking the Company into liquidation, either voluntarily or compulsorily, have been commenced against the Company.
- b. The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company voluntarily or involuntarily is dissolved.
- c. The Company is unable under Section 434 of the Companies Act, 1956, to pay its debts or has admitted in writing its inability to pay its debts as they mature.
- d. A receiver or liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company.
- e. An attachment or distraint has been made on the Fixed Assets of the Company.
- f. Delay in initiating the process for creation of security on assets as detailed in Clause 3 and in the event of acquisition of any new assets, delay in the process for initiating creation of security on the new assets in excess of 60 (sixty) days from date of acquisition.
- g. If, without the prior written approval of the Investor, any Fixed Assets charged to the Investor are sold, disposed of, charged, encumbered or alienated or removed, pulled down or demolished.
- h. The Company ceases to carry on its business or gives notice of its intention to cease.

If any Event of Default or any event, which after the notice, or lapse of time, or both, would constitute an Event of Default, has happened, the Company shall, forthwith give notice thereof to the Investor in writing specifying the nature of such Event of Default, within 5 (five) days of such event. This notice is without prejudice to the notice that may be provided by the Investor to the Company under Clause 9.1.

134B. CONSEQUENCES IN EVENT OF DEFAULT:

1. A penalty of 1.5% (one and half percent only) per month on the Investment Amount along with Interest shall be charged during the course of the Event of Default, which shall be paid to the Investor distinct from any other amounts payable to the Investor by the Company.
2. The Investor shall have the right to put the Debentures on the Promoters by issuing a notice to that effect to the Promoters. Upon issue by the Investor of the notice intimating the Promoters of its intention to put the Debentures, the Promoters shall within seven (7) days from the receipt of such notice purchase the Debentures for a consideration, which shall not be less than the aggregate of the following:
 - (a) Outstanding amount relating to the unredeemed Debentures on the date of exercise of the put option;
 - (b) Interest outstanding as on the date of exercise of the put option; and
 - (c) Penal Interest outstanding as on the date of exercise of the put option.
3. If the Event of Default remains uncured beyond the Cure Period, the Investor shall be entitled to enforce the Securities created herein, in a manner as determined by the Investor, in its sole discretion.
4. Notwithstanding the foregoing, the Investor shall have the right to force redemption, on the Company and the Promoters, individually or severally at the discretion of the Investor, of the Debentures, Interest and Penal Interest due along with enforcing the Securities under this Agreement.
5. In the event the Investor is unable to redeem the Debentures, Interest and Penal Interest, the Investor shall have the right to call such number of the Promoters' shares in both the Company and GSR Sugars Private Limited ("Call Shares") as is required by the Investor at an aggregate purchase price Re. 1 (Rupee One only). The Investor shall be entitled to sell the Call Shares to any third party, without restriction, to enable the Investor to recover the unredeemed Debentures and unpaid Interest and/or Penal Interest. However, the Investor will permit the Promoters to exercise a first right of refusal over the Call Shares. In the event the Promoters do not exercise their first right of refusal over the Call Shares or do not respond to the Investor's offer of the Call Shares within seven (7) days from the date the Investor offers to sell the Call Shares, the Investor shall be free to sell the Call Shares to any third party without further notice to the Promoters. This right is without prejudice to the rights of the Investor to enforce the Securities pledged in its favour.

b. Deleting and alteration of the following Article.

120. QUORUM:

The clause is modified as follows after deleting: "The quorum for a Board Meeting of the Company shall be any 3 (three) directors, whether present in person or through an alternate director both at the beginning and throughout the Board Meetings including at the beginning or throughout any adjourned meeting. The attendance of the director nominated by the Investor shall be necessary to constitute the quorum for any meeting of the Board of Directors of the Company".

The quorum for a meeting of the Board shall be one-third of the total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher provided that where at any time the number of interested Directors is equal to or exceeds two-third of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

For and on behalf of the Board

Place : Hyderabad
Date : 29th May 2010

T Indira Subbarami Reddy
Chairperson

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No.5:**

Sri. P Maruthi Babu, is BE (Elec) having more than 45 years of experience in the filed of Power and Irrigation. He has served for APSEB and CBIP. He has served as project co-ordinator in the Gayatri Group of Companies and presently with group as director in the companies, with active involvement in the some of the projects.

The Board of Directors of the company at their meeting held on 20.04.2010 approved the appointment of Sri. P Maruthi Babu, as an Additional Director of the company who holds office upto the date of this Annual General Meeting.

Notice under Section 257 of the Act, has been received from a member proposing the appointment of Sri. P Maruthi Babu, as director of the company.

The board of directors commend the resolution for your approval.

A copy of the board resolution dated 20.04.2010 and a copy of the Memorandum and Articles of Association of the company are available for inspection at the registered office of the company between 10.00 AM to 1.00 PM on any working day.

Item No.6: Creation of security in favour of YES BANK Limited

For availing the credit facility of Rs.35 crores by way of term loan from YES BANK Limited, the creation of specific charge has been requested and accordingly mortgages/ charges/ hypothecations are to be created on the movable and immovable properties of the company in favour of YES BANK Limited. The proposed limit is with in the limits approved by the shareholders as per Section 293(1) (d) of the Act.

The resolution is accordingly proposed for approval of the members pursuant to Section Section 293 (1) (a) of the Companies Act, 1956.

Your Directors commend this resolution for your approval

None of the Directors of the company is in any way, concerned or interested in the resolution.

Item No.7: Re-appointment of Smt. T Sairta Reddy as Executive Director of the company

Smt. T Sarita Reddy is holding the position of Executive Director of the company since October 2006 and her term of appointment has expired on 30.04.2010. The board of directors at their meeting held on 20.04.2010, has reappointed her for a period of 3 years w.e.f. 01.05.2010, on the terms and conditions as set out in the resolution subject to the approval of the shareholders at their General Body Meeting.

A copy of the board resolution dated 20.04.2010 and a copy of the Memorandum and Articles of Association of the company are available for inspection at the registered office of the company between 10.00 AM to 1.00 PM on any working day.

The board of directors commend the resolution for your approval.

None of the directors are interested in the said resolution except Smt. T Indira Subbarami Reddy, Sri. TV Sandeep Kumar Reddy and Smt. T Sarita Reddy.

Item No 8: Alteration of the Articles of Association (AA) of the company

The shareholders of the company are informed that consequent on redemption of the Non-Convertible Debentures issued to Rajasthan Leasing Private Limited on 31/03/2010, the Articles of Association of the company needs to be amended as some of the articles are no longer relevant. Accordingly the Article of Association is proposed to be altered as per sec. 31 of the Companies Act, 1956. Approval of the shareholders is required by way of special resolution for such alteration and hence this resolution.

Your Directors commend this resolution for your approval.

None of the Directors of the company is in any way, concerned or interested in the resolution.

For and on behalf of the Board

Place : Hyderabad
Date : 29th May 2010

T Indira Subbarami Reddy
Chairperson

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Fifteenth Annual Report of your company along with the Audited Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS (Rs in lacs)

Description	2009-10	2008-09
Revenue (Net of Excise Duty & Sales Tax)	6105.88	7379.14
Increase/(Decrease) in stocks	(805.09)	(1323.25)
Profit/(Loss) before depreciation and interest	1080.51	818.80
Finance Charges (Interest)	1010.07	1083.47
Depreciation	589.87	757.76
Profit/(Loss) before tax	(519.43)	(1022.43)
Non-Recurring Expenses – Provision for doubtful debts	—	(376.40)
Provision for tax	—	7.77
Profit/(Loss) after tax	(519.43)	(1406.60)

REVIEW OF OPERATIONS

Performance during the financial year 2009-10

Your Directors are pleased to report that during the year under review, the company's crushing operations for the season 2009-10 has commenced on 27th November 2009 and closed the operations on 15th February 2010. During the year, company has crushed 1.07 Lakh Tonnes of sugar cane with an average recovery of 10.22%.

During the year the Distillery Unit has produced 36.57 Lakh Litres of Rectified Spirit (RS)/Extra Neutral Alcohol (ENA). Company has sold 38.84 Lakh Litres of RS/ENA with an average realization of Rs.31.23 per litre.

Prospects for the financial year 2010-11

The Company is estimating to crush higher quantity of 3.00 lakh tones of sugar cane during the current year on account of better availability of the sugar cane. The Company is estimating to produce RS/ ENA around 84 Lakh litres during the current accounting year.

DIVIDEND ON PREFERENCE SHARES

As the company incurred losses during the year under review, the Directors have not recommend any dividend of 6% on 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 2010-11 has been paid to the Bombay Stock Exchange at Mumbai.

DIRECTORS

During the year under review Sri P Maruthi Babu has been appointed as Additional Director of your company and will retire by rotation at the forthcoming Annual General Meeting. A Notice from shareholder proposing his appointment as Director of the company has been received together with the requisite deposit of Rs. 500 and is proposed for appointment.

Sri T R Rajagopalan and Sri S Venkataswamy will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

The Nomination of Sri Abhay Soi has been withdrawn by the Rajasthan Leasing Private Limited w.e.f. 15.4.2010 on account of redemption of the Non-Convertible Debentures on 31.03.2010 and the board has appreciated the services of Sri Abhay Soi during his tenure as director.

Sri TV Sandeep Kumar Reddy has resigned as Managing Director w.e.f.20.04.2010, but he will continue to be as Vice Chairman of the Company.

Dr. AK Bhattacharya has resigned as director w.e.f. 29.05.2010, due to his pre-occupation. The Board places on record the appreciation of the valuable services rendered Dr. AK Bhattacharya during his tenure as Director of the Company.

PUBLIC DEPOSITS

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

PARTICULARS OF EMPLOYEES

There are no employee in the company who are drawing prescribed salary 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. K Narasimha Murthy & Co, Cost Accountants was appointed as Cost Auditor of the company for the year 2010-11.

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 Company Secretary in practice is given in the Annexure – B and Annexure–C respectively, which forms part of this report.

AMALGAMATION

At the meeting of the directors held on 20.04.2010, your directors have approved the amalgamation of the M/s GSR Sugars Private Limited (group company) with the company for consolidation of the business and for future growth of the company. The appointed date for amalgamation is 01.04.2010. The Company has initiated the process and applied to Bombay Stock Exchange for their No Objection for amalgamation of the companies and in a month time the company proposes to file the applications with the Hon'ble High court of Andhra Pradesh.

INTIMATION TO BIFR

As at 31.03.2009, the accumulated losses has resulted in erosion of more than 50% of the net worth of the company and the company has become potentially sick company under the Sick Industrial Companies (Special Provisions) Act, 1985. Company

had intimated to the Board for Industrial and Financial Reconstruction (BIFR) on 22.09.2009 the potential sickness of the company.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. That in preparation of the Annual Accounts the applicable Accounting Standards have been followed by the company;
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 31.03.2010 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, IOB, CDR cell, SBI, BOB, AB and PNB. 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

T Indira Subbarami Reddy
Chairperson

Place : Hyderabad

Date : 29th May 2010

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 | : | Company has installed 16 tonne capacity boiler at distillery unit which is reducing the dependence for steam from 40T boiler at sugar unit. This is reducing the cost of steam and power to distillery unit.

2 nos of Rotary compressors were added for centrifugal Machine with pneumatic operating system to save power and Minimize the Breakdowns. |
| b) | Additional Investment and proposals if any being implemented for reduction of Consumption of energy | : | Installed the Evaporator, 16Tonne boiler and 1 MW power turbine at Distillery Unit with a cost of Rs.13.50 crores. |
| c) | Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production | : | The above measures will result in the following advantages:
i. Steam & power required will be met from new boiler & turbine instead from the sugar unit. There will be saving in power due to additional power generation.
ii. Sugar factory can be operated at rated capacity of 3500 TCD.
iii. Spent wash quantity will be reduced to 20% of the volume and reduce the pollution control problems and consumption of filter cake.
iv. Saving in power achieved due to the addition of the higher capacity DC drive centrifugal machine. |
| 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 | : | Plant as per standard specifications of Government of India. |
|----|--|---|--|

C) FOREIGN EXCHANGE EARNINGS & OUTGO:

- | | | | |
|----|---|---|---|
| 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 | : | Total Foreign Exchange used - Rs.Nil
Total Foreign Exchange earned -Rs.Nil |

FORM A

(See Rule 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current year (2009-10)	Previous year (2008-09)
A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) PURCHASED		
Units KWH (Lakhs)	7.03	5.97
Total Amount (Rs.Lakhs)	34.45	35.99
Rate/Unit (Rs.)	4.90	6.03
b) OWN GENERATION		
i) Through Diesel Generator		
Units KWH	25248	15948
Units per Ltr. of Diesel Oil- KWH	2.47	2.14
Cost/Unit (Rs.)	14.43	16.72
ii) Through Steam Turbine/Generator		
Units KWH (lacs)	73.49	149.61
Units per ton of Bagasse/paddy husk	242.14	200.33
Cost/Unit (Rs.)	1.52	2.85
2) COAL		
Qty. (Tons)	3359	70.88
Total Cost (Rs lacs)	127.74	2.06
Average Rate (Rs.)	3803	2900
3) PADDY HUSK		
Qty. (Tons)	90	Nil
Total Cost (Rs Lacs)	1.71	Nil
Average Rate (Rs.)	1900	Nil
4) BAGASSE		
Qty. (Tons)	30033	84761
Total Cost (Rs Lacs)	283.98	318.40
Cost Per Ton (Rs.)	945.57	366.98
5) FURNACE OIL		
Qty. (Tons)	Nil	Nil
Total Cost (Rs lacs)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
6) DIESEL OIL		
Qty. (Ltrs)	10220	7440
Total Cost (Rs Lacs)	3.64	2.66
Average Rate (Rs.)	35.62	35.77
B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity Per Ton of sugar (KWH)	362	391

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 2010

Category	No. of Directors
Promoter Directors	3
Non Executive Non Independent Directors	—
Non executive Independent Directors	4

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 31.07.2009	No. of Directorships held in other Companies	
			Public	Private
Dr. T Subbarami Reddy*	-	Not Applicable	-	-
Smt. T Indira Subbarami Reddy	3	Not Present	4	25
Sri T V Sandeep Kumar Reddy	4	Not Present	10	26
Sri Abhay Soi	5	Not Present	1	7
Sri T R Rajagopalan	7	Present	1	2
Sri S Venkata Swamy	7	Present	-	-
Dr A K Bhattacharya	4	Present	2	-
Smt. T Sarita Reddy	7	Present	3	18

* Dr. T Subbarami Reddy ceased to be director w.e.f. 30.06.2009

During the financial year 2009-10, Seven Board meetings were held on 2nd April 2009, 30th June 2009, 31st July 2009, 30th October 2009, 30th January 2010, 27th February 2010 and 26th March 2010.

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 2009-10.

The Audit Committee meetings were held five times during the financial year 2009-10 on 2nd April 2009, 30th June 2009, 31st July 2009, 30th October 2009 and 30th January 2010 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	5
2	Sri Abhay Soi Member	5
3	Smt T Sarita Reddy Member	5

The Audit Committee has been reconstituted on 20.04.2010, by inclusion of Sri P Maruthi Babu as the member in the place of Sri Abhay Soi, whose nomination has been withdrawn by the Rajasthan Leasing Private Limited on repayment of Non Convertible Debentures.

D. Remuneration Committee

i) Brief description of terms of reference

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

ii) Composition of the Remuneration Committee and the details of Meetings held and attendance during the Financial Year 2009-10.

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

1. Sri T R Rajagopalan - Chairman
2. Sri S Venkataswamy - Member
3. Sri Abhay Soi - Member

One Remuneration Committee meeting was held on 30th January 2010 during the financial year 2009-10 and all the directors were present.

The Remuneration Committee has been reconstituted on 20.04.2010, by inclusion of Sri P Maruthi Babu as the member in the place of Sri Abhay Soi, whose nomination has been withdrawn by the Rajasthan Leasing Private Limited on repayment of Non Convertible Debentures.

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.

a variable component linked to the performance of the Company as well as the Managing Director consisting of Commission and special allowances as determined by the Remuneration Committee.

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 2009-10.

Name of the Director	Category	Remuneration payable /paid	
		Salary & Perks (Rs.Lakhs)	Sitting fees (Rs)
Dr T Subbarami Reddy*	Non Executive Chairman	—	—
Smt T Indira Subbarami Reddy	Non Executive Chairperson	—	3,000
Sri T V Sandeep Kumar Reddy	Executive Vice Chairman & Managing Director	—	4,000
Sri Abhay Soi	Independent-RLPL Nominee	—	5,000
Sri T R Rajagopalan	Non Executive / Independent	—	13,000
Sri S Venkata Swamy	Non Executive / Independent	—	8,000
Dr A K Bhattacharya	Non Executive / Independent	—	4,000
Smt T Sarita Reddy	Executive Director	39.57	—

* Upto 30.6.2009

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 2009-10.

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.

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

No. of Investor queries / complaints received in the year 2009-10	Pending at the end of the year 2009-10	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
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
2007-08	Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105, Basheerbagh, King Koti Road, PB no.1088, Hyderabad – 500 029	Tuesday the 30 th day of September 2008	11.30 AM
2006-07	Dr K L N Prasad Auditorium, Federation House, Door No 11-6-841, Red Hills, Hyderabad-500004.	Friday the 14 th day of September 2007	10.30 AM

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, the Management, their subsidiaries or relatives which may have potential conflict with the interests of the company. The necessary disclosures regarding the transactions with Related Parties are given in the Notes to the Accounts.

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 1.07 lakh tonnes (previous year 2.23 lakh tonnes) of sugar cane with an average recovery of 10.22% (previous year 10.35%). The Company has sold 1.89 lakh quintals (previous year 3.76 Lakh quintals) of sugar. The company's average sales realization of sugar has increased to Rs.2492/- per quintal during the current year as compared to Rs.1598/- per quintal during the previous year on account of better market conditions and lower output of sugar for two years. Company has earned cash profit of Rs.100 Lakhs during the year as compared to the cash profit of Rs.541 Lakhs during the previous year. The lower cash profit on account of low production of sugar, due to lower availability of sugar cane, despite the increase in the sugar prices.

Sugar Industry Analysis:

The sugar production has slightly improved to 15.30 million tonnes in the season 2009-10 (14.70 million tonnes during the 2008-09), but the same was lower by 43% of the season 2007-08. This fall in production of sugar during the sugar season 2009-10 will result in improving the sugar prices in future as the sugar stocks are also getting reduced due to lower availability of sugar. The expected sugar consumption in India is around 24.50 million tonnes per annum. The expected sugar production in India for the next sugar season 2010-11 would be around 24.70 million tonnes on account of improvement in sugarcane due to remunerative sugar cane rates.

In view of the situation Government of India has allowed the companies to import raw sugar and white sugar to meet the demand for the sugar during the year. Indian Sugar Mills Association 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 months of April 2010 & May 2010 the prices of Sugar has decreased due to free imports of White Sugar. The ISMA is asking 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 lower production of sugar of 10891 tonnes during the year as compared to the production of 22849 tonnes during the previous year.

Revenue:

On account of the reduction of volumes, the turnover during the year has reduced to Rs.61.06 Crores as compared to Rs.73.79 crores during the previous year. The reduction of sales was lower at 17.3% only as compared to the reduction of the volume of sales of sugar at 49.7% as compared to the previous year, due to improving in the sugar rates.

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	31 st day of July, 2010 at 4.00 P.M
Venue	Surana Udyog Hall, Federation House, Door No: 11-6-841, Red Hills, Hyderabad- 500004

b) Profile of Directors seeking reappointment/appointment

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 MA, MSc & CAIIB. He is a Retd. GM SBI and has experience of 43 years and 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 S Venkata Swamy He is BSc., ANSI, MA, LLB has versatile experience of over 49 years. He is member in the remuneration committee and Chairman of the Shareholders Grievance Committee.	He is not the director in any other companies.	Nil
c. Sri P Maruthi Babu He is BE (Elec) worked as Director (Chief Engineer), Central Board of Irrigation & Power. Having 45 years of industrial and managerial experience. He has associated with Gayatri Group in implementation of the projects. He is the member of Audit Committee and Remuneration Committee	Director in Gayatri Bio Organics Limited & 4 other limited companies and director in 10 private limited companies.	Nil
d. Smt T Sarita Reddy She is MBA working as Executive Director and having around 10 years experience in the Management, Execution of Projects and running of the companies. She is the member of the Audit Committee	Director in Gayatri Bio Organics Limited and director in 21 private limited companies.	Nil

- c) **Financial year** April 1 to March 31
- d) **Date of Book closure** 29th July 2010 to 31st July 2010 (both days inclusive)
- e) **Dividend Payment date** Not Applicable
- 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 2009-10**

Month	High Rs.	Low Rs.	Volume (Nos)
April 2009	5.55	3.72	7,64,247
May 2009	6.40	4.61	10,42,113
June 2009	7.05	4.89	12,72,007
July 2009	6.50	4.49	8,55,536
August 2009	9.42	5.51	26,91,798
September 2009	7.90	5.90	9,50,359
October 2009	6.60	5.40	6,76,066
November 2009	6.19	5.22	6,13,781
December 2009	5.70	4.88	6,37,192
January 2010	7.48	4.97	16,23,895
February 2010	5.68	4.59	4,41,286
March 2010	5.12	3.81	7,29,496

Fifteenth Annual Report

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 st March, 2010		As on 31 st March, 2009	
	No. of Shares	%	No. of Shares	%
Promoters	15419668	35.87	15419668	35.87
Financial Institutions and Banks	4407820	10.25	4407820	10.25
Private corporate bodies	2736831	6.37	2802430	6.52
Indian Public	20294621	47.20	20207338	47.00
NRI/OCB	134200	0.31	155884	0.36
Total	42993140	100.00	42993140	100.00

l) Distribution of Shareholding as on 31st March, 2010

Nominal Value	Holders		Amount	
	No	% to Total	In Rs.	% to Total
Upto 5000	11,940	63.31	3,13,35,650	7.29
5001-10000	3,553	18.85	3,23,34,240	7.52
10001-20000	1,662	8.81	2,75,36,110	6.40
20001-30000	571	3.03	1,52,42,220	3.55
30001-40000	246	1.30	90,36,420	2.10
40001-50000	290	1.54	1,40,01,370	3.26
50001-100000	331	1.76	2,54,19,680	5.91
100001 and above	265	1.40	27,50,25,710	63.97
TOTAL	18,858	100.00	42,99,31,400	100.00

m) Dematerialization of shares and liquidity

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

Status of Dematerialization of shares as on March 31, 2010.

Held in NSDL: 22239480 shares

Held in CDSL: 20556617 shares

n) ADR's / GDR's

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

o) Principal 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

p) Address for correspondence and contact persons for investor queries

Registered Office :

Gayatri Sugars Limited
Door No. 6-3-663/E,
Flat No.301, Diamond House, Punjagutta,
Hyderabad – 500 082.

The Board of Directors at their meeting held on 29th May 2010 approved the shifting of the registered office w.e.f. 15.07.2010, to the following address:

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
Phone: 23414823, Fax : 23414827
Email : gayatrisugars@sify.com

For and on behalf of the Board

T Indira Subbarami Reddy
Chairperson

Place : Hyderabad
Date :29th May 2010

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 2010, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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.

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: 29th May 2010

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 2010.

For **Gayatri Sugars Limited**

Place: Hyderabad
Date: 29th May 2010

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 2010, the Company has complied with the requirements of the said sub-clause.

For **Gayatri Sugars Limited**

For **Gayatri Sugars Limited**

Place: Hyderabad
Date: 29th May 2010

T Sarita Reddy
Executive Director

Chinna Gurappa
Chief Finance 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, 2010, the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account 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;
 - (e) 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, 2010;
 - (ii) in the case of the Profit and Loss Account, 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 of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2010 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.008072S

Ganesh Balakrishnan
Partner
Membership No.201193

Place: Hyderabad
Date : 29th May 2010

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), (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 loans aggregating Rs.50,650,000 from two parties during the year. At the year end, the outstanding balance of such loans taken aggregated Rs.228,252,133 (Five Parties) and the maximum amount involved during the year was Rs.228,252,133 (Five Parties).
- (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 and interest 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) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable

quotations are not available and in respect of which we are unable to comment.

(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. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

(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, Cess 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, Cess and other material statutory dues in arrears as at 31st March, 2010 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 and Cess which have not been deposited as on 31st March, 2010 on account of disputes.

(x) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has not incurred cash losses in the current financial year and has incurred cash losses in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.

(xii) 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.

(xiii) 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.

(xiv) 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 been used during the year for long- term investment.

(xv) 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.201193

Place: Hyderabad
Date : 29th May 2010

BALANCE SHEET AS AT MARCH 31, 2010

(Rupees)

Particulars	SCH No	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders Funds:			
Share Capital	A	525,220,530	525,220,530
Loan Funds:			
Secured Loans	B	930,709,843	958,185,754
Unsecured Loans	C	228,252,133	177,602,133
		<u>1,158,961,976</u>	<u>1,135,787,887</u>
TOTAL		<u>1,684,182,506</u>	<u>1,661,008,417</u>
APPLICATION OF FUNDS:			
Fixed Assets:	D		
Gross Block		1,293,488,972	1,158,109,953
Less: Depreciation		<u>496,331,918</u>	<u>437,800,662</u>
Net Block		797,157,054	720,309,291
Capital Work-in-Progress [Include Capital Advances Rs. Nil (31.3.2009: Rs.39,55,000)]		<u>—</u>	<u>122,151,151</u>
		<u>797,157,054</u>	<u>842,460,442</u>
Current Assets, Loans and Advances	E		
Inventories		319,697,183	400,362,709
Sundry Debtors		9,593,122	12,511,769
Cash and Bank Balances		20,880,077	3,266,961
Loans and Advances		<u>198,327,543</u>	<u>115,200,645</u>
		548,497,925	531,342,084
Less: Current Liabilities and Provisions	F		
Liabilities		102,494,408	102,101,023
Provisions		<u>12,903,045</u>	<u>12,675,014</u>
		115,397,453	114,776,037
Net Current Assets		433,100,472	416,566,047
Profit and Loss Account		453,924,980	401,981,928
TOTAL		<u>1,684,182,506</u>	<u>1,661,008,417</u>

Accounting Policies and Notes

N

The schedule referred to the above form an
integral part of the Balance Sheet

As per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

Ganesh Balakrishnan
Partner

T V Sandeep Kumar Reddy
Vice Chairman

T Sarita Reddy
Executive Director

Place: Hyderabad
Date: 29.05.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rupees)

PARTICULARS	SCH No.	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME:			
Gross Sales	G	613,330,868	761,914,070
Less: Excise Duty on Sale of Products		10,000,359	29,149,784
Net Sales		603,330,509	732,764,286
Other Income	H	7,257,654	5,150,357
TOTAL		610,588,163	737,914,643
EXPENDITURE:			
Cost of Raw Materials consumed (Ref point "c" of Note 6 of "B" of Schedule "N")		314,419,344	365,228,290
Decrease in Stocks	I	80,509,299	132,325,725
Manufacturing Expenses	J	44,005,940	83,269,555
Employee Cost	K	44,704,779	44,594,426
Administrative and Selling Expenses	L	18,897,756	68,256,615
Interest and Finance Charges	M	101,006,944	108,347,249
Depreciation		58,987,153	75,776,109
TOTAL		662,531,215	877,797,969
Loss Before Tax		(51,943,052)	(139,883,326)
Taxes:			
Income Tax (relating to earlier year)		—	330,335
Fringe Benefit Tax		—	446,870
Loss After Tax		(51,943,052)	(140,660,531)
Balance brought forward from previous year		(401,981,928)	(261,321,397)
Loss carried to Balance Sheet		(453,924,980)	(401,981,928)
Accounting Policies and Notes	N		
Earnings Per Share (face value Rs.10/- each) (Refer Note 8 of "B" of Schedule "N")			
Basic and Diluted		(1.36)	(3.58)
The schedule referred to the above form an integral part of the Profit and Loss Account			

As per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

Ganesh Balakrishnan
Partner

T V Sandeep Kumar Reddy
Vice Chairman

T Sarita Reddy
Executive Director

Place: Hyderabad
Date: 29.05.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rupees)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss Before Tax	(51,943,052)	(139,883,326)
Adjusted for:		
Depreciation	58,987,153	75,776,109
(Profit) / Loss on sale of Assets	(78,000)	4,404,284
Interest Expense (net)	101,006,944	107,896,011
Operating Profit before Working capital changes	107,973,045	48,193,078
Adjusted for		
(Increase)/ Decrease in Trade and other receivables	(47,233,467)	87,711,484
Decrease in Inventories	80,665,526	134,905,528
Decrease in Current Liabilities	621,416	(109,272,179)
Net Cash generated from operations	142,026,520	161,537,911
Taxes Refund / (paid)	489,582	(777,205)
Net Cash flow from Operations	142,516,102	160,760,706
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,617,440)	(110,520,342)
Proceeds on Sale of Fixed Assets	78,000	2,100,001
Interest received	—	451,238
Net Cash used in investing activities	(13,539,440)	(107,969,103)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term borrowings	354,460,235	79,581,041
Repayment of Long Term borrowings	(50,316,000)	(139,927,881)
Redemption of Non Convertible Debentures	(350,000,000)	-
Changes in Working Capital Finance	19,374,801	121,466,152
Loans and advances to a Body Corporate	(33,530,691)	(30,036,997)
Proceeds from Other borrowings	50,650,000	8,050,000
Interest Paid	(102,001,891)	(108,347,249)
Net Cash flow (used in) / from financing activities	(111,363,546)	(69,214,934)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	17,613,116	(16,423,331)
Cash & Cash equivalents as at 1st April	3,266,961	19,690,292
Cash & Cash equivalents as at 31st March	20,880,077	3,266,961

- Note: 1) The above Cash Flow Statement has been prepared using the Indirect Method as per Accounting Standard -3 Cash Flow Statement notified by the Companies (Accounting Standards) Rules, 2006.
- 2) Previous year's have been regrouped /rearranged where ever necessary to confirm to current year's classification.
- 3) Amount's in brackets represents cash outflows

As per our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

Ganesh Balakrishnan
Partner

T V Sandeep Kumar Reddy
Vice Chairman

T Sarita Reddy
Executive Director

Place: Hyderabad
Date: 29.05.2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees)

PARTICULARS	As At 31.03.2010	As At 31.03.2009
SCHEDULE A: SHARE CAPITAL		
Authorised Capital		
43,000,000 Equity Shares of Rs.10/- each (31.03.2009: 43,000,000 Equity Shares of Rs.10/- each)	430,000,000	430,000,000
10,000,000 Preference Shares of Rs.10/- each (31.03.2009: 10,000,000 Preference Shares of Rs.10/- each)	100,000,000	100,000,000
	<u>530,000,000</u>	<u>530,000,000</u>
Issued, Subscribed and Paid-up		
42,993,140 Equity Shares of Rs.10/- each subscribed and called up (31.03.2009: 42,993,140 Equity Shares of Rs.10/- each)	429,931,400	429,931,400
Less: Calls Unpaid	79,000	79,000
	<u>429,852,400</u>	<u>429,852,400</u>
9,536,813 6% Cumulative Redeemable Preference Shares of Rs.10/- each (31.03.2009: 9,536,813 6% Cumulative Redeemable Preference Shares of Rs.10/- each) (Refer point 3 of "B" of Schedule "N")	95,368,130	95,368,130
	<u>525,220,530</u>	<u>525,220,530</u>
SCHEDULE B: SECURED LOANS		
14% Secured Non-Convertible Debentures (Refer Note 2 of "B" of Schedule "N")	—	350,000,000
From Banks:		
Term Loans [Refer Note 4 (a,b,c and e) of "B" of Schedule "N"]	602,980,037	298,835,802
Interest Accrued and Due	3,914,345	4,909,292
Cash Credit [Refer Note 4 (d) of "B" of Schedule "N"]	323,815,461	304,440,660
	<u>930,709,843</u>	<u>958,185,754</u>
(Instalments falling due within next 12 months)	90,366,000	190,316,000
SCHEDULE C: UNSECURED LOANS		
From Company	119,957,931	70,957,931
From Directors	108,294,202	106,644,202
	<u>228,252,133</u>	<u>177,602,133</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - D : FIXED ASSETS SCHEDULE

(Rupees)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2009	ADDITIONS	DELETIONS	AS AT 31.03.2010	UP TO 31.03.2009	FOR THE YEAR	ON DELETION	UP TO 31.03.2010	AS AT 31.03.2010	AS AT 31.3.2009
Land - Free Hold	20,096,247	—	—	20,096,247	—	—	—	—	20,096,247	20,096,247
Buildings	215,564,632	—	—	215,564,632	57,181,479	6,333,339	—	63,514,818	152,049,814	158,383,153
Plant & Machinery	910,700,749	135,793,346	—	1,046,494,095	371,974,276	51,926,019	—	423,900,295	622,593,800	538,726,473
Vehicles	6,577,587	—	455,897	6,121,690	4,079,475	624,871	455,897	4,248,449	1,873,241	2,498,112
Furniture & Fixtures	1,525,937	—	—	1,525,937	1,109,267	96,592	—	1,205,859	320,078	416,670
Computers	3,644,801	41,570	—	3,686,371	3,456,165	6,332	—	3,462,497	223,874	188,636
TOTAL	1,158,109,953	135,834,916	455,897	1,293,488,972	437,800,662	58,987,153	455,897	496,331,918	797,157,054	720,309,291
PREVIOUS YEAR	1,172,620,491	525,458	15,035,996	1,158,109,953	370,556,264	75,776,109	8,531,711	437,800,662	720,309,291	—

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees)

PARTICULARS	As At 31.03.2010	As At 31.03.2009
SCHEDULE E: CURRENT ASSETS LOANS AND ADVANCES		
1. Inventories (At cost or Net realizable value)		
Stores, Spares and Others	20,812,533	20,968,760
Finished Goods	256,000,155	379,393,949
(Ref : Note 6 (b) (iii) of "B" of Schedule "N")	42,884,495	—
Finished Goods in Transit	319,697,183	400,362,709
2. Sundry Debtors - (Unsecured)		
Over Six Months		
Considered Good	5,584	163,826
Considered Doubtful	37,491,780	37,640,339
	37,497,364	37,804,165
Less: Provision for Doubtful Debts	37,491,780	37,640,339
	5,584	163,826
Others - Considered Good	9,587,538	12,347,943
	9,593,122	12,511,769
3. Cash and Bank Balances		
Cash on Hand	274,225	48,808
Balances with Scheduled Banks:		
in Current Accounts	5,605,852	3,218,153
In Deposit Accounts	15,000,000	—
(Pledged with bank as security against borrowings)	20,880,077	3,266,961
4. Loans and Advances - (Unsecured)		
Advances to:		
A body corporate		
(Maximum Amount due Rs.123,210,188 (31.03.2009		
Rs.89,381,808)) (Refer Note 11 of "B" of Schedule "N")	115,268,588	81,737,897
Advances recoverable in cash or in kind or for		
value to be received		
Considered Good	77,906,444	28,826,084
Considered doubtful	2,109,847	—
	80,016,291	28,826,084
Less: Provision for Doubtful Advances	2,109,847	—
	77,906,444	28,826,084
Deposits with		
Government	1,018,092	1,005,145
Others	1,344,016	1,242,012
Prepaid Expenses	2,103,119	1,146,809
Advance Taxes and Tax Deducted at Sources	687,284	1,242,698
	198,327,543	115,200,645
SCHEDULE F: CURRENT LIABILITIES AND PROVISIONS		
1. Current Liabilities		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises		
(Refer Note 13 of "B" of Schedule "N")	40,415	47,445
Due to Others	83,579,182	72,830,689
Advance from Customers	484,534	3,171,005
Other Liabilities	12,586,576	26,051,884
Interest Accrued but not Due	5,803,701	—
	102,494,408	102,101,023
2. Provisions		
Preference Dividend	5,722,088	5,722,088
Corporate Dividend Tax	802,523	802,523
Gratuity (Refer Note 10 of "B" of Schedule "N")	5,240,486	4,804,463
Compensated Absences (Refer Note of 10 of "B" of Schedule "N")	1,137,948	1,280,108
Fringe Benefit Tax	—	65,832
	12,903,045	12,675,014

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rupees)

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE G: GROSS SALES		
Sale of:		
Sugar	488,669,865	638,386,140
Rectified Spirit	121,309,739	112,243,527
Molasses	—	1,329,694
Power	3,351,264	9,954,709
	<u>613,330,868</u>	<u>761,914,070</u>
SCHEDULE H: OTHER INCOME		
Interest on Fixed Deposits with Bank		
[Tax Deducted at Sources Rs. Nil (31.03.2009: Rs.110,015/-)]	—	451,238
Scrap Sales	1,471,600	248,659
Profit on Sale of Assets	78,000	—
Insurance Claims Received	1,526,288	241,808
Excess provision and Credit balances written back	1,732,683	—
Miscellaneous Income	2,449,083	4,208,652
	<u>7,257,654</u>	<u>5,150,357</u>
SCHEDULE I: DECREASE IN STOCK		
Closing Stock		
Finished Goods (Ref note 6(b) of "B" of Schedule "N")	256,000,155	379,393,949
Finished Goods in Transit	42,884,495	298,884,650
	<u>298,884,650</u>	<u>379,393,949</u>
Opening Stock		
Finished Goods	379,393,949	501,203,197
Stock in Process	—	10,516,477
	<u>379,393,949</u>	<u>511,719,674</u>
	<u>80,509,299</u>	<u>132,325,725</u>
SCHEDULE J: MANUFACTURING EXPENSES		
Consumption of Stores, Spares and Chemicals	31,627,919	61,145,975
Distillery Expenses	1,763,156	2,240,469
Handling Charges	3,145,047	9,693,229
Power and Fuel	3,536,670	3,599,106
Repairs and Maintenance:		
Plant and Machinery	3,643,340	5,879,956
Buildings	112,056	172,314
Others	177,752	538,506
	<u>3,933,148</u>	<u>6,590,776</u>
	<u>44,005,940</u>	<u>83,269,555</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rupees)

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE K: EMPLOYEE COST		
Salaries, Wages and Bonus (Ref Note 7 of B of Schedule "N")	35,640,849	38,942,842
Contributions to Provident Fund	3,882,442	3,910,404
Gratuity	1,830,256	(603,662)
Compensated Absences	1,431,711	711,642
Staff Welfare Expenses	1,919,521	1,633,200
	<u>44,704,779</u>	<u>44,594,426</u>
SCHEDULE L: ADMINISTRATION AND SELLING EXPENSES		
Rent, Rates and Taxes	3,899,400	2,321,549
Insurance	1,007,171	1,340,187
Travelling and Conveyance	3,160,318	3,505,427
Printing and Stationery	224,726	440,132
Communication Expenses	661,419	909,462
Legal and Professional Fee	1,753,425	7,151,534
Directors Sitting Fee	59,000	52,000
Auditors Remunerations	800,000	1,000,000
Loss on sale of Fixed Assets	—	4,404,284
Bad debts and Provision for doubtful debts	793,353	37,640,339
Provision for doubtful Advances	2,109,847	—
Others	4,096,557	5,865,018
Selling Expenses	332,540	3,626,683
	<u>18,897,756</u>	<u>68,256,615</u>
SCHEDULE M: INTEREST AND FINANCE CHARGES		
Interest:		
on Term Loans	24,519,240	36,124,854
on Cash Credits	23,890,916	21,080,708
on Debentures	48,865,754	49,154,114
on Others	2,122,305	4,562
	<u>99,398,215</u>	<u>106,364,238</u>
Bank Charges	1,608,729	1,983,011
	<u>101,006,944</u>	<u>108,347,249</u>

SCHEDULE – N: ACCOUNTING POLICIES AND NOTES

A) SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting:

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. Fixed Assets

Fixed Assets are stated at cost (net of CENVAT) less depreciation. Cost includes expenditure incurred in bringing the assets to its present location and working condition. 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.

3. 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.

4. Inventories

Raw materials, Stores & Spares and Consumables are valued at First in First out basis. Cost includes applicable taxes, duties, transport and handling cost. Works in process are valued at cost. 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 net realisable value as the cost is not determinable.

5. Taxation

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with Income Tax Act, 1961.

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.

6. 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's 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 Compensated Absences

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

7. 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 measured reliably. 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 and 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.

8. Borrowing Costs

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

9. 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 Profit & Loss account on Straight Line basis over the lease term.

10. 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.

11. Provision 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.

B) NOTES ON ACCOUNTS:

1. Contingent liabilities not provided for :

- a. Dividend on 6% Cumulative Redeemable Preference Shares - Rs. 17,166,264/- (31.03.2009: Rs.11,444,176/-).
- b. Claims against the company not acknowledged as debt Rs.22,99,377/- (31.03.2009: Rs.38,17,077/-).

2. 14% Secured Non-Convertible Debentures (NCDs) issued by the Company for an amount of Rs.350,000,000/- to Rajasthan Leasing Private Limited (RLPL) during the year 2007-08 has been redeemed on 31 March, 2010. The Company has also paid the dues towards interest and other finance charges as per the terms of agreement. RLPL has confirmed that there are no dues from the Company and issued a No Due Certificate on 31 March, 2010.

3. 6% Cumulative Redeemable Preference Shares are due for redemption on or after 1 April, 2017.

4. Secured Loans:-

- a. Term Loan from Indian Overseas Bank (IOB) is secured by an exclusive first charge on the buildings and plant & machinery of the distillery unit both present and future and second charge on the fixed assets of the sugar unit on *pari-passu* basis with working capital banks.
 - b. Term Loan – Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU) are secured by a *pari - passu* residual charge on all the Company's immovable properties, both present and future and a first charge by way of hypothecation of movable properties (excluding the inventories and book debts) both present and future.
 - c. Term Loan from YES BANK Limited is secured by an exclusive first charge on all the fixed assets of the company, both present and future, including the land on which distillery assets have been setup, excluding the building and plant & equipment solely relating to the distillery unit charged to IOB and second *pari - passu* charge on Fixed Assets of distillery unit along with working capital banks. Further, the term loan is secured by way of pledge and non-disposal undertaking of 30% of the equity shares of the promoters in the Company. Also Pledge of Fixed Deposit of Rs.15,000,000/- with the bank.
 - d. Cash Credits from banks are secured by way of *pari - passu* first charge on all current assets of the company i.e. Raw Materials, Stock in Process, Finished Goods, Stores and Spares, Book Debts etc. and also secured by way of *pari-passu* second charge on the Company's immovable and movable properties.
 - e. Term Loan and Cash Credits loans are guaranteed by the promoter directors of the Company.
 - f. Crop loans given to farmers by Union Bank of India, Nizamabad have been guaranteed by the Company. Amount outstanding Rs.45,392,378/- (31.3.2009: Rs.11,495,288/-)
5. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.Nil (31.3.2009: Rs.6,677,000), net of advances is Rs.Nil (31.3.2009: Rs.3,955,000).
 6. Additional Information as required pursuant to Para 3 and 4 (C&D) of the Part II of the Schedule VI of the Companies Act, 1956.

a. Particulars regarding capacity and Production;

Particulars	UOM	Year Ended 31.03.2010	Year Ended 31.03.2009
i. Sugar			
Licensed	TCD	5,000	5,000
Installed*	TCD	3,500	3,500
Actual Production	QTL	108,910	228,490
ii. Rectified Spirit			
Licensed	KLPD	50	50
Installed*	KLPD	50	50
Actual Production	Liters	3,656,928	5,129,822
iii. Molasses			
Actual Production	MT	4,138	10,203
iv. Power			
Licensed	MW	9	9
Installed*	MW	9	9
Actual Production	KWH	8,077,338	14,961,000

* As certified by the Management.

b. Sales and Stock

(Rupees)

Particulars	UOM	Year Ended 31.03.2010		Year Ended 31.03.2009	
		Qty	Value (Rs.)	Qty	Value (Rs.)
i. Opening Stock					
a) Finished Goods					
Sugar*	QTL	163,319	299,096,513	310,867	412,389,945
Rectified Spirit	Liters	1,652,269	39,522,274	1,448,502	23,364,336
Total (a)			338,618,787		435,754,281
b) By Products					
Molasses	MT	7,250	40,308,302	18,654	61,045,216
Bagasse	MT	502	466,860	12,582	4,403,700
Total (b)			40,775,162		65,448,916
TOTAL (a+b)			379,393,949		501,203,197
ii. Sales					
Sugar	QTL	189,204	488,669,865	376,038	638,386,140
Rectified Spirit	Liters	3,883,807	121,309,739	4,929,055	112,243,527
Molasses					
- Sales	MT	—	—	281	1,329,694
- Transferred to Distillery	MT	4,965	—	21,326	—
Power	KWH	1,117,200	3,351,264	3,203,400	9,954,709
TOTAL			613,330,868		761,914,070
iii. Closing Stock					
a) Finished Goods					
Sugar*	QTL	67,646	173,292,732	163,319	299,096,513
Sugar in Transit	QTL	15,379	42,884,495	-	-
Rectified Spirit	Liters	1,425,390	44,899,785	1,652,269	39,522,274
Total (a)			261,077,012		338,618,787
b) By Products					
Molasses	MT	6,423	37,121,638	7,250	40,308,302
Bagasse	MT	686	686,000	502	466,860
Total (b)			37,807,638		40,775,162
TOTAL (a+b)			298,884,650		379,393,949

* Includes 11,289 Qtls (31.03.2009: 14,920 Qtls) of Levy Sugar valued at net realizable value.

c. Details of Raw Materials purchased Consumed

Particulars	UOM	Year Ended 31.03.2010		Year Ended 31.03.2009	
		Qty	Value (Rs.)	Qty	Value (Rs.)
i. Sugarcane	MT	106,778	237,710,232	222,521	361,906,040
ii. Molasses*	MT	17,277	76,709,112	22,126	3,322,250
TOTAL			314,419,344		365,228,290

* Includes 12,312 MT's purchased and consumed (31.03.2009: 800 MT's).

d. Value of imported and indigenous materials consumed:

Description	Year Ended 31.03.2010		Year Ended 31.03.2009	
	%	Value (Rs.)	%	Value (Rs.)
i. Raw material – Sugarcane and Molasses				
- Imported	—	—	—	—
- Indigenous	100%	314,419,344	100%	365,228,290
	100%	314,419,344	100%	365,228,290
ii. Stores, Spares & Consumables				
- Imported	—	—	—	—
- Indigenous	100%	31,627,919	100%	61,145,975
TOTAL	100%	31,627,919	100%	61,145,975

7. Directors' Remuneration: Executive Director (Ref Schedule "K") (Rupees)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Salary and HRA	3,375,000	2,593,750
Provident Fund	324,000	249,000
Perquisites	258,116	488,437
TOTAL	3,957,116	3,331,187

Note: The above amount does not include provision for gratuity and compensated absences liability actuarially valued as separate amounts are not available. Executive Director has not claimed Leave Travel Concession and Medical Reimbursement for the year amounting to Rs. 450,000 (31.03.2009: Rs.3,45,833).

8. Earnings Per Share:

Particulars	Units	Year Ended 31.03.2010	Year Ended 31.03.2009
Loss After Tax	Rupees	(51,943,052)	(140,660,531)
Preference dividend not declared*	Rupees	(6,694,557)	(13,389,113)
Loss after preference dividend	Rupees	(58,637,609)	(154,049,644)
Weighted Average Equity Shares	No's	42,993,140	42,993,140
Basic Earnings Per Share / Diluted Earnings Per Share	Rupees	(1.36)	(3.58)
Face Value of Equity Share	Rupees	10	10

* Includes Dividend Distribution Tax of Rs. 972,469 (31.03.2009: Rs.1,944,938).

9. Segment Reporting:

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:

	Sugar 1		Distillery		Elimination		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
REVENUE								
External Sales – Net of Duties	482,020,770	620,701,602	121,309,739	112,243,527	—	—	603,330,509	732,764,286
Inter-segment sales	31,489,898	89,681,830	—	—	31,489,898	89,681,830	—	—
Total Revenue	513,510,668	710,383,431	121,309,739	112,243,527	31,489,898	89,681,830	603,330,509	732,764,286
Results before interest cost	57,127,769	(31,534,651)	(15,321,531)	(5,151,784)	—	—	41,806,238	(36,686,435)
Unallocated corporate Expenses	—	—	—	—	—	—	—	—
Operating Profit before interest	57,127,769	(31,534,651)	(15,321,531)	(5,151,784)	-	-	41,806,238	(36,686,435)
Interest expenses	76,908,948	87,624,460	24,097,996	20,722,789	-	-	101,006,944	108,347,249
Interest and other income	—	—	—	—	—	—	7,257,654	5,150,357
Profit from ordinary activities	—	—	—	—	—	—	(51,943,052)	(139,883,326)
Extra-ordinary items	—	—	—	—	—	—	—	—
Net Profit	—	—	—	—	—	—	(51,943,052)	(139,883,326)
OTHER INFORMATION								
Segment Assets	833,095,411	893,497,396	512,559,569	480,305,130	—	—	1,345,654,980	1,373,802,527
Unallocated corporate assets	—	—	—	—	—	—	—	—
Total Assets	833,095,411	893,497,396	512,559,569	480,305,130	-	-	1,345,654,980	1,373,802,527
Segment Liabilities	823,140,260	839,691,732	451,219,169	410,872,192	-	-	1,274,359,429	1,250,563,924
Unallocated corporate liabilities	—	—	—	—	—	—	—	—
Total Liabilities	823,140,260	839,691,732	451,219,169	410,872,192	—	—	1,274,359,429	1,250,563,924
Capital Expenditure	—	—	13,683,765	122,151,151	—	—	13,683,765	122,151,151
Unallocated corporate capital Expenditure	—	—	—	—	—	—	—	—
Total Capital Expenditure	—	—	13,683,765	122,151,151	—	—	13,683,765	122,151,151
Depreciation	40,087,550	61,562,701	18,899,603	14,213,408	-	-	58,987,153	75,776,109
Unallocated corporate depreciation	—	—	—	—	—	—	—	—
Total Depreciation	40,087,550	61,562,701	18,899,603	14,213,408	—	—	58,987,153	75,776,109

Note: Includes sale of power, Rs.3, 351,264/- (31.03.2009: Rs.9, 954,709) and sales of molasses Rs. Nil (31.03.2009: Rs.1, 415,617). As these Products do not satisfied the condition of 10% of total revenue as stated in AS-17, hence included in Sugar Segment.

Fifteenth Annual Report

10 Disclosures as required under Accounting Standard AS-15

i **Gratuity**

This is a defined benefit plan as detailed and the liability for which is determined on the basis of actuarial valuation and is an unfunded plan as of 31 March, 2010.

ii **Compensated Absences**

Leave which accrue to the employees and which can be carried to future periods but are expected to be en-cashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employee perform the services that the benefit covers and the liabilities are reported at the un-discount amount of the benefits after deducting amounts already paid. Where there is restriction on availment of encashment of such accrued benefit or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the project unit credit method.

iii **Accounting Policy for recognizing actuarial gains and losses**

Immediate recognition in the Statement of Profit and Loss

iv **Scheme Description**

The Scheme provides for a lump sum benefit, subject to a vesting period of 5 years in case of early separation, based on final salary and years of service.

v **Actuarial valuation method: - Projected Unit Credit**

vi Disclosures required in accordance with the AS-15 are set out in the table below:

Components of Employer Expense

(Rupees)

Particulars	Gratuity	Compensated Absences
Current Service Cost	3,60,777 (7,17,585)	42,363 (45,231)
Interest Cost	3,84,357 (5,76,997)	1,02,408 (90,266)
Actuarial Loss /(Actual Gain)	10,85,122 (-30,15,212)	12,86,940 (15,60,138)
Total Expense /(Gain) recognized in the Statement of Profit and Loss Account	18,30,256 (-17,20,630)	14,31,711 (16,95,635)

Actual Contribution and Benefit Payments

Actual Benefit Payments	13,94,233 (-6,87,374)	15,73,871 (15,43,852)
Actual Contributions	— (—)	— (—)

Net Liability recognized in Balance Sheet

Opening Defined Benefit Obligation	48,04,463 (72,12,467)	12,80,108 (11,28,325)
Closing Defined Benefit Obligation	52,40,486 (48,04,463)	11,37,948 (12,80,108)

Change in Defined Benefit Obligations (DBO)

Particulars	Gratuity	Compensated Absences
Present Value of DBO at the beginning of the year	48,04,463 (72,12,467)	12,80,108 (11,28,325)
Current Service Cost	3,60,777 (7,17,585)	42,363 (45,231)
Interest Cost	3,84,357 (5,76,997)	1,02,408 (90,266)
Actuarial Loss / (Gain)	10,85,122 (-30,15,212)	12,86,940 (15,60,138)
Benefits Paid	13,94,233 (-6,87,374)	15,73,871 (-15,43,852)
Present Value of DBO at the End of Year	52,40,486 (48,04,463)	11,37,948 (12,80,108)

Actuarial Assumptions

Particulars	2009-10	2008-09
Discount Rate	8%	8%
Expected Return on Plans Assets	0%	0%
Salary Escalation Rate	4%	4%
Attrition Rate	5%	1%

11. Particulars of Loans and Advances in the nature of loans as required by clause 32 of the Listing Agreement.

Name of the Company	As at		Maximum outstanding during	
	31.3.2010	31.3.2009	2009-10	2008-09
Loans and Advances to companies in which directors are interested				
GSR Sugars Private Limited	115,268,588	81,737,897	123,210,188	89,381,808
Mohan Project Contractors Private Limited	—	—	—	48,729,126
Loans and advances where there is no repayment schedule	115,268,588	81,737,897	123,210,188	138,110,934
Loans where no interest is charged or interest is below section 372 A of Companies Act, 1956.	115,268,588	81,737,897	123,210,188	138,110,934

Fifteenth Annual Report

12. Related Party Disclosures for the year ended March 31, 2010

(i) List of Related parties:

S. No.	Particulars	Relationship
1.	Dr T Subbarami Reddy (Chairman Upto 30 June, 2009)	Key Management Personnel
2.	Smt T Indira Subbarami Reddy	Key Management Personnel
3.	Sri T V Sandeep Kumar Reddy	Key Management Personnel
4.	Smt T Sarita Reddy	Key Management Personnel
5.	GSR Sugars Private Limited	Company Under Common Management
6.	Mohan Project Contractors Private Limited	Company Under Common Management
7.	Gayatri Projects Limited	Company Under Common Management
8.	Gayatri Financial Holdings limited	Company Under Common Management
9.	Gayatri Tissue & Papers Limited	Company Under Common Management
10.	TSR Foundation	Trust under Common Management

(ii) The related party transactions for the company during the year under audit as per Accounting Standard - 18 is as under:

Particulars	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Remuneration T Sarita Reddy, ED	3,957,116 (3,331,187)	— —	— —	3,957,116 (3,331,187)
Purchase of Goods	—	—	49,739,824 (3,322,503)	49,739,824 (3,322,503)
Services Received	— —	— —	1,862,124 (2,351,000)	1,862,124 (2,351,000)
Advances				
a. given	— —	— —	33,530,691 (30,036,997)	33,530,691 (30,036,997)
b. taken	1,650,000 (-10,809,000)	— —	4,90,00,000 (18,859,000)	50,650,000 (8,050,000)
Contributions towards Donations	—	—	600,000 (650,000)	600,000 (650,000)
Write off of payables	— —	— —	— (426,942)	— (426,942)
Write off of Receivables	— —	— —	— (46,378,126)	— (46,378,126)
Outstanding				
a. Receivable	— —	— —	115,268,588 (81,737,897)	115,268,588 (81,737,897)
b. Payable	108,294,202 (106,644,202)	— —	119,957,931 (70,957,931)	228,252,133 (177,602,133)

13. Details as per the requirements under MSMED Act 2006;

(Rupees)

S No	Particulars	2009-10	2008-09
1	Principal amount remaining unpaid at the end of the year	27,752	42,883
2	The amount of interest paid by the buyer along with amount of the payment made to the suppliers beyond the appropriate date	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment.	12,663	4,562
	Total	40,415	47,445

The disclosure is based on information available and communications received by the company regarding the status of the suppliers.

14. The Deferred Tax Asset on account of carried forward business losses have not been recognized as there is no virtual certainty of realization of such assets in future.
15. Figures for the previous year have been regrouped/ rearranged / reclassified wherever necessary to confirm to the current year presentation.

Signature to Schedule A to N

For and on behalf of the Board

Place: Hyderabad

Date: 29.05.2010

TV Sandeep Kumar Reddy

Vice Chairman

T Sarita Reddy

Executive Director

GAYATRI SUGARS LIMITED

D.No. 6-3-663/E, Flat No. 301, Diamond House,
Punjagutta, 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 15th Annual General Meeting to be held at 4.00 p.m. on Saturday, the 31st July, 2010 or at any adjournment thereof.

Signed this day of of 2010

Affix
Re. 1/-
revenue
stamp

Regd Folio No.

No of Shares

ATTENDANCE SLIP**15th 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 15th Annual General Meeting of the Company on Saturday, the 31st July, 2010.

.....
*Member/Proxy Signature

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

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Unit : GAYATRI SUGARS LIMITED

Venture Capital and Corporate Investments Limited

H.No. 12-10-167, Bharat Nagar,

Hyderabad - 500 018.



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