



## **Gayatri BioOrganics Limited**

*(Formerly Gayatri Starchkem Limited)*

CIN: L24110TG1991PLC013512

**25<sup>th</sup> Annual Report 2015 - 16**

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

**Day : Wednesday**

**Date : 28<sup>th</sup> September 2016**

**Time : 4.30 P.M.**

**Venue : “KLN PRASAD AUDITORIUM”**

The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, Red Hills, P.B. 14, Hyderabad – 500 004

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**COMPANY INFORMATION**

**CIN: L24110TG1991PLC013512**

**Sri T. Sandeep Kumar Reddy**

Chairman

**Sri. C.V. Rayudu**

Executive Director

**Smt T. Sarita Reddy**

Non Executive Director

**Sri T.G. Pandya**

Non Executive Independent Director

**Sri J. N. Karamchetti**

Non Executive Independent Director

**Sri. T. R. Rajagopalan**

Non Executive Independent Director

**STATUTORY AUDITORS:**

M/s. M. BHASKARA RAO & CO,  
Chartered Accountants  
5-D, Fifth Floor, 6-3-652, Kautilya Apartment,  
Raj Bhavan Quarters Colony, Somajiguda,  
Hyderabad - 500082.

**COST AUDITOR:**

N .S V. KRISHNA RAO & CO.,  
Cost Accountants,  
Flat No.201, D,No.12-2-323/A/78, Geetha Apts,  
Santhosh Nagar Colony, Mehadipatnam,  
Hyderabad - 500028.

**SECRETARIAL AUDITOR :**

Y.KOTESWARA RAO  
H.No.48-345,GaneshNagar Colony  
Chinthal, HMT Road  
Hyderabad - 500 054

**REGISTRAR AND SHARE  
TRANSFER AGENT :**

M/s Venture Capital and Corporate  
Investments Private Limited,  
12-10-167, Bharat Nagar,  
Hyderabad 500018

**REGISTERED OFFICE & INVESTOR  
RELATION DEPT :**

B3, 3<sup>rd</sup> Floor, 6-3-1090, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082.  
Ph: 040-66100111, Fax: 040-66100333  
E-mail: info@ gayatribioorganics.com

**FACTORY :**

- 1) NH-9, Nandikandi Village  
Sadasiavpet Mandal  
Medak District  
Telangana – 502 306
- 2) Balabhadrapuram Village  
Biccavole Mandal  
East Godavari District  
Andhra Pradesh – 533 343

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## NOTICE

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of Gayatri BioOrganics Limited will be held at the "KLN PRASAD AUDITORIUM", The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, Hyderabad-500004 on Wednesday, 28<sup>th</sup> day of September, 2016 at 4.30 P.M to transact the following business:

### ORDINARY BUSINESS:

1. To receive consider, approve and adopt the Audited Financial Statements as at 31<sup>st</sup> March, 2016 and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Sri. T. Sandeep Kumar Reddy (DIN: 00005573), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of the Statutory Auditors of the Company and fix their remuneration by passing the following resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 141 and 142 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to ratify the appointment of M/s M. BhaskaraRao & Co., Chartered Accountants, with Firm Registration No.000459S, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting i.e. 26<sup>th</sup> AGM and the Board of Directors are hereby authorized to fix their remuneration, in accordance with the recommendation of the Audit Committee."

### SPECIAL BUSINESS:

4. To approve the remuneration payable to the cost auditors of the company for the Financial Year 2016-17.

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

**"RESOLVED THAT** pursuant to the provisions of Sec. 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the consent of the members of the Company, be and is here by accorded to pay a remuneration of Rs. 60,000 per annum plus out of pocket expenses to M/s N.S.V. Krishna Rao & Co, the Cost Auditor of the Company for conducting the Audit of the cost records of the Company for the financial year 2016-17."

**"RESOLVED FURTHER THAT** the board of directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### 5. ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

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

**"RESOLVED THAT** pursuant to the provisions of Sections 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, the Authorized Share Capital of the Company be amended by reclassifying the existing Authorised Share Capital of Rs.90,00,00,000 (Rupees Ninety Crore) divided into 7,00,00,000 (Seven Crores) Equity Shares of Rs.10/- each (Rupees Ten only) and 20,00,000 (Twenty Lakhs) 6% cumulative Redeemable Optionally convertible Preference Shares of Rs.100/- each (Rupees Hundred only) to Rs. 90,00,00,000/- (Rupees Ninety Crores Only) Equity Share Capital consisting of 9,00,00,000 (Nine Crores) Equity Shares of Rs.10/- each (Rupees Ten only) for the purpose of issuance and allotment of the equity shares of the Company

pursuant to approval of preference shareholders for Conversion of 20,00,000 (Twenty Lakhs) 6% cumulative Redeemable Optionally convertible Preference Shares of the company into Compulsory Convertible Preference Shares of the Company, and converting the same into 2,00,00,000 (Two Crores) Equity shares of Rs.10/- (Rupee Ten) ranking paripassu with the existing Equity Shares of the Company."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, Clause V of the Memorandum of Association of the Company be and is hereby amended and replaced by the following Clause hereunder:

#### **Clause V - Memorandum of Association**

- V. The Authorized Share Capital of the Company is Rs.90,00,00,000/- (Rupees Ninety Crores Only) consisting of 9,00,00,000 (Nine Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to the company to increase or reduce the said capital in accordance with the application provision of the Companies Act, 2013 and to issue any part of the capital, or increased, with or without any preference, priority or special privilege or subject to any postponement of rights, and to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether expressed to be preference or otherwise, shall subject to the power herein before contained".

**"RESOLVED FURTHER THAT** the Directors of the company be and are hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

#### **6. CONVERSION OF EXISTING 20,00,000 6% CUMULATIVE REDEEMABLE OPTIONALLY CONVERTIBLE PREFERENCE SHARES INTO EQUITY SHARES**

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

**"RESOLVED THAT** pursuant to the provisions of Section 106 of the Companies Act, 1956, Section 55, 62 & 42 and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and Board for Industrial & Financial Reconstruction Government of India (BIFR) order (dated 17.08.2008) and consequent to the approval of Preference Shareholders of the company, subject to such approvals, consents, permissions and sanctions, if any, required from any authority, consent of the members be and is hereby accorded that the paid up Preference Share Capital of Rs. 20,00,00,000/- (Rupees Twenty Crores only) consisting of 20,00,000 (Twenty Lakhs), 6% cumulative Optionally Redeemable Preference Shares of Rs.100/- each (Rupees Hundred only) be altered as Compulsory Convertible Preference Shares and the same be converted into 1,70,06,802 (One Crore Seventy Lakhs Six Thousand Eight Hundred and Two) Equity shares of Rs. 10/- each at a premium of Rs.1.76/- (One Rupee and Seventy Six Paise Only).

**"RESOLVED FURTHER THAT** the Equity Shares of the Company to be allotted upon conversion of the Optionally Convertible Preference Shares, in accordance with the terms above, shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank paripassu in all respects including as to dividend, with the existing fully paid up Equity Shares of face value of Rs. 10/- each of the Company."

**"RESOLVED FURTHER THAT** the Directors of the company be and are hereby severally authorized to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director of the Company to give effect to the aforesaid resolution."

**"RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects."

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### 7. ISSUE OF EQUITY SHARES BY WAY OF CONVERSION OF PART OF UNSECURED LOAN

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

**"RESOLVED THAT** pursuant to the provisions of Section 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under and the provisions of Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended from time to time (hereinafter referred to as "the Regulations") and any other applicable guidelines/regulations issued by the Securities and Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permissions and/or sanctions of the Government of India, any other statutory or regulatory authorities, other applicable laws (including any statutory modification or enactment thereof, for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company and subject to such terms and conditions as may be determined by the Board of Directors of the Company (herein after referred to as "The Board" which expression shall include a committee, constituted for the time being in force, thereof) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board, the consent and approval of the Company be and is hereby accorded and the Board be and is hereby authorized to create, offer, issue and allot, from time to time, in one or more tranches, up to 42,51,700 (Forty Two Lakhs Fifty One Thousand Seven Hundred) Equity shares of Rs.10/-each at a premium of Rs.1.76/- (One Rupee and Seventy Six Paise Only) on preferential basis to proposed allottee in accordance with the Regulation 76(1) of the SEBI (ICDR) Regulations, 2009 and applicable law by way of conversion of part of existing unsecured loan upon such other terms and conditions as may be deemed appropriate by the Board at its absolute discretion.

S.No	Name of the Proposed Allottees	PAN	No. of Equity Shares to be Issued	Category	Allottee is: Body Corporate/ Individual/HUF
1	MOHAN PROJECT CONTRACTORS PRIVATE LIMITED	AAACCM5041J	42,51,700	Non promoter	Body Corporate

**"RESOLVED FURTHER THAT:**

- The Relevant Date for the purpose of determining the issue price under SEBI (Issue of Capital and Disclosure Requirement) Regulations 2009 relating to the shares to be issued on preferential basis shall be August 26, 2016 i.e. 30 days prior to Annual General Meeting.
- The Equity shares resulting from conversion of unsecured loans referred to above shall in all respect rank pari-passu with the existing fully paid up equity shares of the Company, including entitlement to dividend.
- The Equity shares to be so allotted upon conversion of unsecured loans shall be in dematerialized form and shall be subject to the provisions of Memorandum and Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion deem necessary, desirable, incidental or expedient to the issue or allotment and listing of the Equity Shares on the Stock Exchange as appropriate and to clarify, resolve and settle all questions and difficulties that may arise in relation to the aforesaid proposed issue, offer and allotment and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, and to settle any question that may arise in this regard and incidental thereto without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors, any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

"**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects."

**8. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Report of Board of Directors of the Company to the shareholders on the erosion of more than 50% of the Net Worth of the Company as at the end of the Financial year ended 31<sup>st</sup> March, 2016 in relation to its peak net worth during the immediately preceding four financial years, be and is hereby considered, approved and noted.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary including reporting of the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR) in the prescribed form and in accordance with the provisions of Section 23(1)(a)(i) of SICA and to do all such acts, deeds and things as may be considered necessary, proper or desirable or expedient to give effect to the above resolution."

**By Order of the Board**

Place: Hyderabad  
Date: 29.08.2016

**T. Sandeep Kumar Reddy**  
Chairman

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### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Forms in order to be effective must be received at the company's registered office not less than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.
4. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. The Register of Members and the Share Transfer Books will remain closed from Saturday, 24<sup>th</sup> September, 2016 to Wednesday, 28<sup>th</sup> September, 2016 (both days inclusive).
6. The Members are requested to intimate immediately any change in their address to the Company at the Registered Office or M/s Venture Capital and Corporate Investments Private Limited, #12-10-167, Bharat Nagar, Hyderabad 500018.
7. Members desiring any information as regards the Accounts are requested to write to the Company not less than seven days before the date of the meeting to enable the Management to keep the information ready at the meeting.
8. Members / Proxies are requested to bring their Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Copies of Annual Reports will not be provided at the meeting.
9. Members having physical shares are requested to notify immediately changes, if any, in their addresses to the Company, duly quoting their folio number. However, members holding shares in demat mode are requested to approach their respective Depository Participants for updating the change of address.
10. The annual report for the financial year 2015-16 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. [www.gayatribioorganics.com](http://www.gayatribioorganics.com). The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2015-16, free of cost, upon sending a request to the Company Secretary at #6-3-1090, B-Block, 3rd Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
11. The Company is providing an opportunity to its member to register their e-mail address and changes therein and such request shall be made by only those members who have not get their e-mail ID's recorded as to update a fresh e-mail ID and not from the members whose e-mail IDs are already registered.
12. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a listed Company to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions to be passed at General Meetings. The Company is pleased to offer remote e-voting facility as an alternate, for all its Members to enable them to cast their vote electronically.  
  
In case a Member desires to exercise his vote by using remote e-voting facility then he has to carefully follow the instructions as given for E-Voting. He can use the facility and log in any number of times till he has voted on the Resolution or till the end of the voting period whichever is earlier.
13. Mr. Harinath Punna, Practicing Company Secretary (Membership No. A41967) has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner.



14. Since remote e-voting facility (including Ballot Forms) is provided to the Members pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, voting by show of hands will not be allowed in the meeting.
15. After all the items of the notice have been discussed, the Chairman will order poll in respect of all the items. Poll will be conducted and supervised under the Scrutinizer appointed for remote e-voting as stated above. After conclusion of the poll, the Chairman may declare the meeting as closed.
16. Members who have not casted their vote through remote e-voting will be allowed to vote at AGM through polling. The members who have once casted remotee-vote on a resolution will not be allowed to modify it subsequently or vote on such resolution on poll at the Annual General Meeting. However, they can attend the meeting and participate in the discussions, if any. If any member casts vote again, remote e-vote casted by him shall be considered.
17. The results declared along with the scrutinizer's report shall be placed on the website of the company.
18. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief profiles of Directors including those proposed to be appointed or re-appointed is annexed to this notice.
19. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the Special business is annexed hereto.

### **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

#### **ITEM NO. 4:**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 the Company is required to get its cost accounts Audited by a cost accountant in practice. The Board has, on the recommendation of the Audit Committee, approved the appointment of M/s. N.S.V.Krishna Rao & Co, Cost Accountants, as the Cost Auditor of the Company to conduct Cost Audit for the financial year 2016-17, at a remuneration of Rs.60,000/- per annum plus out-of-pocket expenses.

M/s. N.S.V. Krishna Rao & Co, Cost Accountants has vast experience in the field of cost audit and has been conducting the audit of the cost records for several companies under the provisions of the erstwhile Companies Act, 1956.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Amendment Rules, 2016, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2016-17.

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

The board recommends the resolution as set forth at item no. 4 of the notice for approval of the members by way of Ordinary Resolution.

#### **ITEM NO. 5&6:**

The above said preference shares were issued as cumulative redeemable optionally convertible preference shares and as per the provisions of the Companies Act, 2013, such shares may be Convertible at the option of the Preference Shareholder, in terms of provisions of Section 106 of the Companies Act, 1956, preference shareholders have given their consent to convert the existing preference shares into 1,70,06,802 (One Crore Seventy Lakhs Six Thousand Eight Hundred and Two) Equity Shares of Rs.10/- each at a premium of Rs.1.76 (One Rupee and Seventy Six Paise only).

Accordingly, it is proposed to convert 20,00,000 6% Cumulative Redeemable Optionally convertible Preference Shares of Rs.100/- each into 1,70,06,802 equity shares of Rs.10/- each at a premium of Rs.1.76.

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Hence, it is proposed to amend Clause V of the Memorandum of Association i.e. Rs.90,00,00,000/- (Rupees Ninety Crores Only) comprising Rs. 90,00,00,000 /- (Rupees Ninety Crores Only) Equity Share Capital consisting of 9,00,00,000 (Nine Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each.

As it is proposed to convert the preference shares into equity capital, the existing authorised preference share capital requires to be reclassified as equity share capital, which requires amendment of MOA accordingly.

The members are hereby informed that the "Board for Industrial & Financial Reconstruction Government of India" (BIFR) vide its order dated 17.08.2008 exempted the applicability of the SEBI(Substantial acquisition of shares & takeover) Regulations,1997 and SEBI (Disclosure & Investors Protection) Guidelines 2000 to the Equity shares resulting from the above conversion.

**i) Objects of the issue:** As the company does not have sufficient profits to redeem the preference shares, the company has requested the Preference shareholders to convert the existing preference shares into equity share capital.

**ii) The proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer:**

Mr. T. Sandeep Kumar Reddy, promoter cum director, his existing Preference Shares are going to be converted as Equity Shares and none of the other promoters and directors or key management personnel of the Company are going to be allotted any of the Equity Shares.

**iii) The Shareholding pattern of the company before and after the proposed issue:**

Sl No	Category	Pre Issue		Post Issue	
		No. of shares held	% of share holding	No. of shares held	% of share holding
<b>A</b>	<b>Promoters' holding</b>				
1.	Indian:				
	Individual	30783846	49.83	47790648	60.66
	Bodies Corporate	6097290	9.87	6097290	7.74
	<b>Sub Total</b>	36881136	59.70	53887938	68.40
2.	Foreign Promoters	-	-	-	-
	Sub Total (A)	36881136	59.70	53887938	68.40
<b>B</b>	<b>Non-promoters' holding</b>				
1.	Institutional Investors	519300	0.83	519300	0.66
2.	Non-Institution:				
	Private Corporate Bodies	130471	0.19	130471	0.17
	Directors and Relatives	0	0	0	0
	Indian Public	4806693	7.76	4806693	6.10
	Others(including NRI's)	19443740	31.52	19443740	24.68
	<b>Sub Total (B)</b>	24900204	40.30	24900204	31.60
	<b>Grand Total(A+B)</b>	61781340	100.00	78788142	100.00

**iv) The Proposed time within which the allotment shall be completed:**

The Company will issue and allot equity shares to Proposed Allottee and Promoter within the time limit specified under the SEBI (ICDR) Regulations or any longer time limit as may be permitted under the SEBI (ICDR) Regulations.

- v) **The identity of (the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control) the proposed allottee, the percentage of post preferential issue capital that may be held by him and change in control, if any, in the issuer consequent to the preferential issue:**

S. No	Name of the Proposed Allottee(s)	Pre-Issue Shareholding		Present Issue	Post Issue Shareholding	
		No. of shares	%		No. of shares	%
1	Mr. T. Sandeep Kumar Reddy	1,74,89,815	28.31	1,70,06,802	3,44,96,617	43.78

- vi) **Undertaking:**  
The Company undertakes to re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- vii) **Certificate from statutory auditors:**  
A copy of the certificate from the Statutory Auditor certifying that the proposed preferential issue of equity shares is being made in accordance with the requirements contained in Chapter VII of the SEBI (ICDR) Regulations, shall be placed before the Annual General Meeting.
- viii) **No preferential allotment has been made during the year to any persons.**
- ix) **Lock-in period:**  
The securities allotted to Proposed Allottees shall be locked in as per Regulation 78 and other applicable provisions of SEBI (ICDR) Regulations.
- x) **Basis or Justification of Price:**  
The price at which the Equity Shares proposed to be issued has been determined in accordance with Chapter VII of the SEBI (ICDR) Regulations, based on the higher of:
- The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date;
  - or
  - The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.
- xi) **Relevant date with reference to which the price has been arrived at:**  
The "Relevant Date" in terms of Regulation 71(a) of the SEBI (ICDR) Regulations, 2009 for determination of minimum price is 26<sup>th</sup> August 2016, being a date which is 30 (Thirty) days prior to the date of Annual General Meeting.
- xii) **Change in management:**  
There will not be any change in the management control of the Company on account of this proposed preferential allotment except minor change in the shareholding pattern as well as voting rights.  
Save and except Mr. T. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel/ Managers of the Company / their relatives are, in anyway, concerned or interested, financially or otherwise in the resolution no.6.  
The board recommends the resolutions as set forth at item no. 5 and 6 of the notice for approval of the members by way of Special Resolutions.

**ITEM NO. 7**

In the year 2011, your company has entered into a Loan Agreement (herein after referred to as "Agreement") with the M/s Mohan Projectcontractors Private Limited for taking the unsecured loans as and when it required by the Company upon such terms and conditions specified in the said agreement.

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Members are aware regarding the financial crisis and challenges being faced by the management in running the business, as the operations of the Company resulted in net losses of the Company for the financial year 2015-16 and accumulated losses of Rs.7,958.43 Lakhs as on 31.03.2016.

As per the terms and conditions of the Agreement referred above the lender can opt for the conversion of their loan amount into Equity shares of the Company, taking into account the financial position of Your Company, lender requested the Company to convert the part of their Unsecured loan amount into Equity shares of the Company as the Company not made the repayment of loan amount within the time limit specified in the Agreement due to it's financial constraints.

In terms of Section 62(1)(c) read with Section 42 of the Companies Act, 2013 and Rules made thereunder (the "Act"), a company can undertake preferential allotment / private placement only after obtaining prior approval of the shareholders by way of special resolution and the proposed issue and allotment of Equity shares on a preferential basis, shall be governed by the applicable provisions of the SEBI (ICDR) Regulations 2009 and the Companies Act, 2013 read with the applicable rules made thereunder. The salient features of the preferential issue of Equity Shares as under:

**i) Objects of the issue:** As the company does not have sufficient profits to repay the unsecured loan amount and as per the terms and conditions of loan agreement entered into with lender, the company decided to convert the part of unsecured loan amount into equity share capital.

**ii) The proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer:**

None of the promoters and directors or key management personnel of the Company intends to apply / subscribe to any of the Equity Shares.

**iii) The Shareholding pattern of the company before and after the proposed issue:**

Sl No	Category	Pre Issue		Post Issue	
		No. of shares held	% of share holding	No. of shares held	% of share holding
<b>A</b>	<b>Promoters' holding*</b>				
1.	Indian:				
	Individual	47790648	60.66	47790648	57.55
	Bodies Corporate	6097290	7.74	6097290	7.34
	<b>Sub Total</b>	53887938	68.40	53887938	64.89
2.	Foreign Promoters	-	-	-	0.00
	Sub Total (A)	53887938	68.40	53887938	64.89
<b>B</b>	<b>Non-promoters' holding</b>				
1.	Institutional Investors	519300	0.66	519300	0.63
2.	Non-Institution:				
	Private Corporate Bodies	130471	0.17	4382171	5.28
	Directors and Relatives	0	0	0	0.00
	Indian Public	4806693	6.10	4806693	5.79
	Others(including NRI's)	19443740	24.68	19443740	23.41
	<b>Sub Total (B)</b>	24900204	31.60	29151904	35.11
	<b>Grand Total(A+B)</b>	78788142	100.00	83039842	100.00

\* After considering the Conversion of Preference shares into Equity shares in accordance with the Item No.6 of this Notice.

**iv) The Proposed time within which the allotment shall be completed:**

The Company will issue and allot equity shares to Proposed Allottee within the time limit specified under the SEBI (ICDR) Regulations or any longer time limit as may be permitted under the SEBI (ICDR) Regulations.

**v) The identity of (the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control) the proposed allottee, the percentage of post preferential issue capital that may be held by him and change in control, if any, in the issuer consequent to the preferential issue:**

S. No	Name of the Proposed Allottee(s)	Pre-Issue Shareholding		Present Issue	Post Issue Shareholding	
		No. of shares	%		No. of shares	%
1	M/s Mohan Projectcontractors Private Limited	NIL	NIL	42,51,700	42,51,700	5.12

**vi) Undertaking:**

The Company undertakes to re-compute the price of the specified securities in terms of the provision of SEBI (ICDR) Regulations where it is required to do so.

**vii) Certificate from statutory auditors:**

A copy of the certificate from the Statutory Auditor certifying that the proposed preferential issue of equity shares is being made in accordance with the requirements contained in Chapter VII of the SEBI (ICDR) Regulations, shall be placed before the Annual General Meeting

**viii) Lock-in period:**

The securities allotted to Proposed Allottees shall be locked in as per Regulation 78 and other applicable provisions of SEBI (ICDR) Regulations.

**ix) No preferential allotment has been made during the year to any persons.**

**x) Basis or Justification of Price:**

The price at which the Equity Shares proposed to be issued has been determined in accordance with Chapter VII of the SEBI (ICDR) Regulations, based on the higher of:

- a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date;
- or
- b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

**xi) Relevant date with reference to which the price has been arrived at:**

The "Relevant Date" in terms of Regulation 71(a) of the SEBI (ICDR) Regulations, 2009 for determination of minimum price is 26<sup>th</sup> August 2016, being a date which is 30 (Thirty) days prior to the date of Annual General Meeting.

**xii) Change in management:**

There will not be any change in the management control of the Company on account of this proposed preferential allotment except minor change in the shareholding pattern as well as voting rights.

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The consent of the Shareholders is sought for the issue of equity shares in terms of Section 62(1) (c), Section 42 and other applicable provisions, if any, of the Act and in terms of the provisions of the SEBI (ICDR) Regulations and the listing agreement entered into by the Company with the Stock Exchange where the Company's equity shares are listed.

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

The Board recommends the resolution as set forth at item no. 7 of the notice for approval of the members by way of Special Resolution.

### ITEM NO. 8

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ('the Act), if the accumulated losses of an Industrial Company as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, the said Company falls within the definition of "Potential Sick Company".

As per the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2016, the accumulated losses of your Company as at 31<sup>st</sup> March, 2016 amounting to Rs.7,958.43 Lakhs has resulted in erosion of more than 50% of its peak net worth during the four financial years immediately preceding the financial year ended on 31<sup>st</sup> March, 2016. Hence the Company will be defined as 'Potential Sick Company' under the Act. In terms of requirement of Section 23 of the Act, the Board of Directors in their meeting held on 30<sup>th</sup> May 2016, had also approved the Report to such erosion.

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

The Board recommends the resolution as set forth at item no. 8 of the notice for approval of the members by way of Ordinary Resolution.

**By Order of the Board**

Place: Hyderabad  
Date: 29.08.2016

**T. Sandeep Kumar Reddy**  
Chairman

**ELECTRONIC VOTING PARTICULARS**

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to offer remote e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 25<sup>th</sup> Annual General Meeting to be held on **Wednesday, 28<sup>th</sup> September 2016, at 4.30 P. M.** The Company has engaged the services of Central Depository Services (India) Limited i.e CDSL to provide the E-Voting facility.

The E-Voting facility is available at the link <https://evotingindia.com>

The period of E-voting is set out below:

Commencement of e-Voting	End of e-Voting
<b>25<sup>th</sup> September, 2016 (10.00 a.m)</b>	<b>27<sup>th</sup> September, 2016 (5.00 p.m)</b>

**VOTING THROUGH ELECTRONIC MEANS**

**PROCEDURE AND INSTRUCTIONS FOR E-VOTING**

***The e-Voting process to be followed by the shareholders to cast their votes:***

- ◆ During the voting period, the shareholders can visit the e-Voting website [www.evotingindia.com](http://www.evotingindia.com) and select the relevant EVSN / Company for voting.
- ◆ The shareholders can login to the e-Voting system using their user-id (i.e. demat account number), PAN and Date of Birth (DOB) or Bank account number mentioned for the said demat account or folio.
- ◆ After logging in, demat security holders will have to mandatorily change their password. This password can be used by demat security holders for all future voting on resolutions of companies in which they are eligible to vote. Physical shareholders will have to login with the DOB and Bank details for every voting.
- ◆ Security holders have to then select the EVSN for which they desire to vote.
- ◆ Security holders can then cast their vote on the resolutions available for voting.
- ◆ Security holders can also view the resolution details on the e-Voting website.
- ◆ Once the security holder casts the vote, the system will not allow modification of the same.
- ◆ During the voting period, security holders can login any number of times till they have voted on all the resolutions. However, once the security holder has voted on a resolution he/she would not be able to vote for the same resolution but, only view the voting.
- ◆ Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- ◆ The members of the Company, holding shares either in physical form or in dematerialized form, as on 16.09.2016, being the cutoff date, may cast their vote electronically.

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.cdslevotingindia.com](http://www.cdslevotingindia.com)
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:



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	For Members holding shares in Demat Form and Physical Form
PAN*	<ul style="list-style-type: none"> <li>◆ Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>◆ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>◆ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB#	DOB # DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant GayatriBioOrganics Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

### In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Sunday, 25<sup>th</sup> September, 2016, 10.00 a.m. and ends on Tuesday, 27<sup>th</sup> September 2016, 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16<sup>th</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



**BOARD'S REPORT**

To  
The Members of  
Gayatri BioOrganics Limited

Your Directors present the Twenty Fifth Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31<sup>st</sup> March, 2016.

**FINANCIAL SUMMARY**

(Rs. in lakhs)

	<b>31.03.2016</b>	31.03.2015
Net Sale Income from Operations	<b>13,764.33</b>	25,570.12
Other Operating Income	<b>51.085</b>	85.64
Income from operations	<b>13,815.41</b>	25,655.76
Other Income	<b>96.14</b>	25.98
Total Income	<b>13,911.55</b>	25,681.74
Total Expenditure	<b>16,296.84</b>	24,124.73
Finance Charges	<b>1,274.03</b>	939.41
Depreciation	<b>213.39</b>	237.38
Provision for Taxation	—	—
Net Profit / (Loss)	<b>-3,872.71</b>	393.21

**PERFORMANCE DURING THE YEAR UNDER REVIEW**

**STARCH DEPARTMENT**

The Company has a Crushing Capacity of 1,35,000 MTPA considering Medak plant Crushing Capacity of 90,000 MTPA and the Second Unit located at Biccavole, East Godavari District Crushing Capacity of 45,000 MTPA. The Company crushed 68,950 MTs maize as against 88,836 MTs maize during the previous year.

**SORBITOL DIVISION**

The Company has present crushing capacity of Sorbitol at 17000 TPA and produced 5282MTs of Sorbitol during the Financial Year ended 31<sup>st</sup> March, 2016.

The Company recorded net loss of Rs.3872.71 Lakhs as against a net profit of Rs.393.21 Lakhs.

**EXPORTS**

The Company has not made any exports during the year.

**REPORT TO BIFR**

Company has submitted a report as required under Section 23 of the "Sick Industrial Companies (Special Provisions) Act", 1985 to the Board for Industrial & Financial Reconstruction Government of India (BIFR) since the accumulated losses have resulted in erosion of more than 50% of net worth of Company during the four financial years immediately preceding the financial year ended on 31<sup>st</sup> March, 2016.

**AMOUNT TO BE TRANSFERRED TO RESERVES AND DIVIDEND PROPOSED:**

In the current financial year, No amount was transferred to reserves and the Board of Directors of the Company does not recommend any dividend for the financial year under review.

**PUBLIC DEPOSITS:**

During the year, the Company has not accepted any deposits covered under the Chapter V of the Companies Act, 2013

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### **STATUTORY AUDITORS:**

At the 23<sup>rd</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September 2014, M/s M Bhaskara Rao & Co., Chartered Accountants, were appointed as Statutory Auditor of the Company to hold office from the conclusion of AGM held on September 30, 2014 to the conclusion of the 28<sup>th</sup> AGM (subject to ratification of the appointment by the members at every AGM held after that AGM) at such remuneration as may be decided by the Board of Directors. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditor shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s M Bhaskara Rao & Co., Chartered Accountants, as statutory auditors of the Company, is hereby placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

### **INTERNAL AUDITORS:**

The Board of Directors based on the recommendation of the Audit Committee has re-appointed M/s. M O S & Associates, Chartered Accountants, Hyderabad, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

### **SECRETARIAL AUDITORS:**

Mr. Y. Koteswar Rao, Practicing Company Secretary, was appointed to conduct the Secretarial Audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 read with Rule 9 there-under. The secretarial audit report for FY 2015-16 annexed to this Board's Report as Annexure-I.

### **COST AUDITORS:**

In accordance with Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, and in accordance with the Audit Committee recommendation the Board of Directors had appointed M/s N.S.V. Krishna Rao & Co, Cost Accountants, Hyderabad to Conduct the Cost Audit for the Financial Year 2016-2017. M/s. N.S.V. Krishna Rao & Co, Cost Accountants, submitted the Cost Audit Report for the Financial Year ended 31<sup>st</sup> March, 2016.

### **DIRECTORS & KEY MANAGERIAL PERSONNEL:**

Sri.T. Sandeep Kumar Reddy (DIN: 00005573), retires by rotation at the forth coming annual general meeting and being eligible, offers himself for re-appointment.

The independent directors of the company are highly qualified and stalwarts in their respective filed with wide and varied experience. They actively participate in the discussions at the board meeting and their suggestions have helped the company to grow at a rapid pace. The independent directors are paid sitting fees for attending the board and committee meetings. The nomination and remuneration committee has in place their criteria for determination of qualifications, positive attributes and independence of the directors, which they would consider as and when the company would be required to appoint the new independent directors. Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of working of its audit committee, nomination and remuneration committee, and stakeholders relationship committee. The manner in which the evaluation has been carried out has been explained in the corporate governance report. The manner in which the remuneration is paid to the directors, executive directors and senior level executives the company has also been explained in the corporate governance report. During the year, five board meetings and four audit committee meetings were convened and held the details of which are given in the corporate governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

S. Narasappa, Company Secretary has resigned from the office w.e.f. 30.5.2015 and on 02.03.2016, Mr. V. Kali Prasad, Chief Financial Officer (CFO) of the Company has resigned from the office of CFO of the Company. The Management is in the process of short listing and finalising the suitable candidates for the office of CFO and CS of the Company.

### **INDEPENDENT DIRECTORS:**

The Company has received disclosures from the Independent Directors confirming their independence in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013.

The Letter of Appointment issued to the Independent Directors containing the terms and conditions are available under investors section on the website of the Company <http://www.gayatribioorganics.com>

A Brief Profile of the Directors of the Company is annexed herewith to this report as Annexure II

## **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were at arm's length basis. There are no materially significant related party transactions made by the company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the company at large. A detailed report on material contracts and arrangements made during the year 2015-16, being arm's length transactions have been reported and annexed hereto in form AOC-2 as Annexure - III and forms part of this report.

## **EXTRACT OF ANNUAL RETURN:**

The extract of annual return in form no. MGT-9 as provided under section 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management & Administration) Rules 2014 is annexed hereto as Annexure-IV and forms the part of this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **a. Business Environment**

In FY 2015-16 the global economy showed signs of recovery with growth in demand from the developed countries in the second half of the year. Emerging markets, including India, had to face multiple challenges of rising current account deficit, depreciation of the local currency and additional pressure due to capital outflows.

Your Company's performance for the year 2015-16 has to be viewed in the context of aforesaid economic and market environment.

### **b. Industry Structure and Developments**

The Company is engaged in the business of producing Sorbitol and Starch. Sorbitol is a water soluble polyhydric alcohol having sweet taste and high stability besides properties of plasticizing. It finds application as input material in various industrial sectors such as Tooth Paste, Pharmaceuticals, Vitamin-C, Cosmetics, Paper and Paints etc. Sorbitol and Starch industries in India are very much fragmented and scattered through out India. In case of Sorbitol at present only four major players are there in South India. When it comes to Starch, nearly 50% of Indian Starch production comes from Gujarat where four major Starch Factories are located.

The consumer industry i.e. Tooth Paste, Pharma, Cosmetic, Paint etc have shown growth which may lead to further improved business to the company. However, the growth in demand for Sorbitol is fluctuating and presently the prices are encouraging. When it comes to Starch, since 60% of starch goes for food based industry, the demand is not even throughout the year. Further the industry is also suffering from excess capacity and can be compensated only when the demand picks up continuously.

### **c. Opportunities and threats**

The Starch Industry at time shown good future, the raw material availability at reasonable prices and cheaper imports of starch from the neighboring Countries will have an impact on the profitability of the Industry and Your Company is not an exception to it. The company has been facing the threat of import of Sorbitol.

However, your Company is likely to face competition from other competitors; there may be risks inherent in meeting unforeseen situations not uncommon in the industry. Your Company is aware of these challenges and is geared to meet them.

### **d. Out look**

The outlook for the company's products is reasonably good but the management feels that the Company should be provided with sufficient working capital to achieve higher operations levels. The Company is improving its operating efficiencies in terms of better utilization of plant capacities. The Company is optimistic about its growth prospects in the future. During the year the Company explored exports markets for the products and achieved significant business. It has ambitious plans to capture more new markets to expand the business.

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### **e. Risks and Concerns**

The Company faces risk of lower realization in the event of cheap imports. Other risk faced by the Company is that Sorbitol is based on the agro commodity which is exposed to factors of Monsoon in the Country. Besides the factors mentioned above agricultural income, economic scenario, wholesale and consumer price level, impact of trade agreements with other countries and trade blocks etc. are some of the factors which affects the performance of the Company.

### **f. Internal Control Systems and their adequacy**

The Company is in the process of adopting an Internal Control System to balance the financial, operational, compliance and other risks and explore its business opportunities at the fullest to achieve its desired objectives.

### **g. Operational performance**

This has already been discussed in this report.

### **h. Human Financial Resources / Industrial Relations**

People are the most valued assets of the Company. They work individually and collectively contributing to the achievement of the objectives of the business. The relation between the employees and the Company remained harmonious and cordial throughout the year. Your Company's corporate culture and the vision and values help unite the workforce and provide standards for how your Company conducts the business. Your Company has successfully aligned human capital with business and organizational objectives. The emphasis has been on team work, skill development and development of leadership and functional capabilities of the employees. The Industrial relations remained cordial at all units of the Company.

## **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1),5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as Annexure-V to this Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO:**

Information required under section 134(3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed to this Board's Report as Annexure-VI.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company is in the process of adopting an Internal Control System, commensurate with the size, scale and complexity of its operations.

## **SUBSIDIARIES:**

The Company has no subsidiaries as on the date of 31<sup>st</sup> March, 2016.

## **NOMINATION AND REMUENRATION POLICY:**

A committee of the Board named as "Nomination and Remuneration Committee" has been constituted to comply with the provisions of section 178, Schedule IV of the Companies Act to recommend a policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters and to frame proper systems for identification, appointment of Directors & KMPs, Payment of Remuneration to them and Evaluation of their performance and to recommend the same to the Board from time to time. The policy is also posted in the investors section of the company's website.

## **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level

of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

## **FIXED DEPOSITS :**

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance sheet.

## **MATERIAL CHANGES:**

The Company has obtained the Special Resolution of shareholders by carrying out the postal ballot for the sell, lease, transfer, assign or otherwise dispose of the "Unit-II of the Company situated at Balabradrapuram Village, BiccavoleMandal, East Godavari District, Andhra Pradesh- 533 343" with related assets and liabilities (as identified) on Slump Sale basis and submitted the voting results along with the scrutinizer report to the stock exchange and all other regulatory authorities.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

During the year, the company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- i) In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2016 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2016 and of the profit and loss of the Company for the year;
- iii) The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors had prepared the annual accounts on a 'going concern' basis;
- v) The directors are in the process of laying down the internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Company. The details of the Policy are explained in the Corporate Governance Report and also posted under investors section on the website of the Company <http://www.gayatribioorganics.com>

## **RISK MANAGEMENT:**

Your Directors have constituted a Risk Management Committee and defined its roles and responsibilities, which focuses that all the risks that the organization faces such as Strategic, Operational, Compliance, Financial and other risks have been identified and assessed and there is adequate risk management infrastructure in place capable of addressing those risks.

## **STATEMENT ON DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY:**

The statement on development and implementation of risk management policy is given under the management discussion and analysis report which is attached with this annual report.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND CSR INITIATIVES:**

Your Company does not fall under the purview of Sec.135 of the Companies Act, 2013. Hence the Company not required to constitute Corporate Social Responsibility Committee.

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## **CORPORATE GOVERNANCE REPORT:**

Your Company has complied with the requirements of Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on corporate governance forms part of the annual report. A certificate from the auditors regarding compliance of conditions of corporate governance also forms the part of the annual report.

## **HUMAN RESOURCES:**

Your Company considers its Human Resources as the key to achieve its objectives. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## **OUTLOOK FOR THE FINANCIAL YEAR 2016-17:**

It is gratifying to say that the products of this Company are well accepted in the market and are being patronized by the major clients. The Company is hopeful of achieving 100% of the installed capacity. However, the availability of maize crop and working Capital will be the key factors for achieving the targeted results of the Company.

## **CAUTIONARY STATEMENT:**

Statements in this "Management Discussion & Analysis" may be considered to be "forward looking statements" only. Actual results could differ materially from those expressed or implied within the meaning of applicable securities laws or regulations.

## **LISTING OF SECURITIES:**

- (a) The Company's Shares are listed with BSE Limited, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
- (b) The Company paid Listing fees for the year 2016-17 to BSE Limited.

## **REPLY TO ADVERSE REMARKS OF AUDITORS' REPORT:**

With regard to qualified opinion on trade receivables which includes certain trade receivables amounting to Rs.77,978,564 /- which are overdue and outstanding for a period of more than one year, the management believes that the same are fully recoverable as it is and the company is in the process of collecting the amounts and no provisions are required as on date.

Point No. (vii) (a) of Annexure to Auditors' Report, with regard to irregularity and serious delays in remitting statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were due to working capital constraints.

Point No. (viii) of Annexure to Auditors' Report, on default/delays in payment of dues to bankers and financial institution are also owing to working capital constraints.

## **REPLY TO ADVERSE REMARKS OF SECRETARIAL AUDITORS' REPORT:**

The company was under the process of short listing and finalising the suitable candidate for the office of Company Secretary of the Company. Despite best efforts from the management, process of selection of appropriate candidate for the above mentioned office got delayed due to shortage of suitable candidates to meet the requirements of the Company.

## **ACKNOWLEDGEMENTS:**

Your Directors would like to place on record their sincere appreciation and gratitude to all Financial Institutions, Company's Bankers, Shareholders, Government Agencies, Suppliers, Customers Co-operation and support during the year and their confidence in its management. The Directors wish to convey their appreciation to all the employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors are also thankful to all other stakeholders for their valuable sustained support to the Company.

**By Order of the Board**

Place: Hyderabad  
Date: 13.08.2016

**T. Sandeep Kumar Reddy**  
Chairman

**ANNEXURE – I**  
**Secretarial Audit Report**  
**For the Financial Year ended March 31, 2016**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To  
The Members,  
GAYATRI BIOORGANICS LIMITED,  
B3, 3<sup>rd</sup> Floor, 6-3-1090, TSR Towers,  
Raj Bhavan Road, Somajiguda,  
Hyderabad- 500082

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gayatri BioOrganics Limited., (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Gayatri BioOrganics Limited for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable during the audit period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (**Not Applicable during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. (**Not Applicable during the audit period**);



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- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable during the audit period);**
- (i) The Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda was sent in advance except when board meetings were called by giving less than seven days notice in accordance with the provisions of section 173 of the act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out and are recorded in the minutes of the meeting of the Board of Directors or Committee of the Board as the case may be and majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**I further report that** as far as possible, there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that during the audit period, no events, other than the following, have occurred during the year, which have a major bearing on the Company's affairs.**

- *The Company Secretary of the Company has resigned w.e.f. 30.05.2015 and the Company has not filled the vacancy within the time stipulated under the Provisions of Section 203 of Companies Act, 2013. The Management is in the process of appointing a suitable candidate.*

### **I further report that**

During the audit period, the Company has made allotment of 1,08,56,350 equity shares of Rs.10/-each through "Preferential Issue" by Conversion of part of Promoter's holding of 6% Cumulative Optionally Redeemable Preference Shares of the Company.

However, there were no other specific major events that took place during the audit period such as mentioned below:

- (i) Public/Rights/debentures/sweat equity
- (ii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iii) Merger/amalgamation/reconstruction etc.
- (iv) Foreign technical collaborations

Place: Hyderabad  
Date: 13.08.2016

**Y. Koteswara Rao**  
Practicing Company Secretary  
C.P.No. 7427



**ANNEXURE - 'A'**

To  
The Members,  
GAYATRI BIOORGANICS LIMITED,  
B3, 3rd Floor, 6-3-1090, TSR Towers,  
Raj Bhavan Road, Somajiguda,  
Hyderabad - 500082.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad  
Date: 13.08.2016

**Y. Koteswara Rao**  
Practicing Company Secretary  
C.P.No. 7427

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### ANNEXURE-II DIRECTORS PROFILE

#### 1. Sri T. Sandeep Kumar Reddy:

Name	T. Sandeep Kumar Reddy
DIN	00005573
Designation	Chairman & Promoter Director
Age	49 years
Date of appointment on the Board of the Company	02.12.1991
No. of Shares of Rs. 10/- each held as on date	1,47,96,055
Relationship between Directors inter se	Husband of Mrs. T. Sarita Reddy (Director)

Mr.T. Sandeep Kumar Reddy has done Masters in Construction Engineering and Management from University of Michigan at Ann Arbor, USA and holds, a Bachelor Degree in Civil Engineering from Purdue University.

#### 2. Smt. T. Sarita Reddy:

Name	T. Sarita Reddy
DIN	00017122
Designation	Promoter Director
Age	45 Years
Date of appointment on the Board of the Company	24.01.2008
No. of Shares of Rs. 10/- each held as on date	9,60,839
Relationship between Directors inter se	Wife of T. Sandeep Kumar Reddy (Chairman)

Mrs T. Sarita Reddy did her Master of Business Administration and she belongs to promoter group of the Company.

#### 3. Sri C.V. Rayudu:

Name	C.V. Rayudu
DIN	03536579
Designation	Whole Time Director
Age	57 Years
Date of appointment on the Board of the Company	28.05.2011
No. of Shares of Rs. 10/- each held as on date	Nil
Relationship between Directors inter se	N.A

Mr. C. V. Rayudu is a Post Graduate in MPM and has done B.Com and B. L. He is having around 30 years of rich experience in various Starch and Other Industries.

#### 4. Sri T.G.Pandya:

Name	T.G.Pandya
DIN	00017214
Designation	Independent Director
Age	81 Years
Date of appointment on the Board of the Company	31.07.2001
No. of Shares of Rs. 10/- each held as on date	Nil
Relationship between Directors inter se	N.A

Mr. T. G. Pandya is a graduate in commerce. He is having vast experience in the starch field and worked with Lakshmi Starch Limited as General Manager for considerable number of years. His administrative and commercial experience would be of immense use to the company. It is therefore expedient in the interest of the company to continue him as the director of the company.

**5. Sri T.R. Rajagopalan:**

Name	T.R. Rajagopalan
DIN	00020643
Designation	Independent Director
Age	77 Years
Date of appointment on the Board of the Company	31.07.2008
No. of Shares of Rs. 10/- each held as on date	Nil
Relationship between Directors inter se	N. A.

Mr. T.R. Rajagopalan is a MA, MSc, CAIIB. He is a Retired GM State Bank of India and has experience of 40 years in credit and International banking. He held various assignments both at operational as well as policy framing levels. These assignments include Branch Manager, Regional Manager, Deputy General Manager (Commercial banker) and General Manager (Commercial Banking). He also handled the assignment with Bank of Ghana, under World Bank to train all banking officials of that country, in the areas of Credit Management.

**6. Sri J. N. Karamchetti**

Name	J. N. Karamchetti
DIN	00940963
Designation	Independent Director
Age	70 Years
Date of appointment on the Board of the Company	31.10.2006
No. of Shares of Rs. 10/- each held as on date	Nil
Relationship between Directors inter se	N. A.

Mr. J.N.Karamchetti did his Bachelor engineering in the year 1970 from college of Engineering, Kakinada, Andhra Pradesh. Later on he did his Masters in IIT Kharagpur in the year 1973. He is also a member of Indian Institute of Plant Engineers and Institution of Engineers ( India ). He has very rich experience in all fields of Engineering and in Steel, Energy, Rubber and starch sectors. He is also very familiar for giving guest lectures and presenting technical papers in various seminars and workshops especially in the field of Energy.

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### ANNEXURE-III FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions'	Date of approval by the Board	Amount paid as advances, if any
Deep Corporation Private Limited - Common Director	Rent Paid	4 Years and 2 Months	Registered office Premises taken on Lease form Deep Corporation Private Limited	No Extra Amount Paid by the Company for taking the premises on Lease	30 <sup>th</sup> May, 2012	Nil

**By Order of the Board**

Place: Hyderabad  
Date: 13.08.2016

**T. Sandeep Kumar Reddy**  
Chairman

**ANNEXURE-IV  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended 31<sup>st</sup> March, 2016**

**Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	L24110TG1991PLC013512
2	Registration Date	02/12/1991
3	Name of the Company	GAYATRI BIOORGANICS LIMITED
4	Category/Sub-category of the Company	Public Company / Limited by Shares
		Indian Non - Government Company
5	Address of the Registered Office & contact details	#6-3-1090, B-Block, 3rd Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	<b>Venture Capital And Corporate Investments Private Limited.</b> 12-10-167, Bharat Nagar, Hyderabad 500018 Phones: +91 040-23818475/23818476/23868023 Email: info@vccilindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Maize Starch Powder	1108.12.00	82%
2	Sorbitol	2905.44.00	18%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.	N.A.

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

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Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	1,99,27,496	-	1,99,27,496	39.13	3,07,83,846	-	3,07,83,846	49.83	+10.7
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	60,97,290	-	60,97,290	11.97	60,97,290	-	60,97,290	9.87	-2.1
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	2,60,24,786	-	2,60,24,786	51.10	3,68,81,136	-	3,68,81,136	59.70	+8.6
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL(A)= A(1)+A(2)	2,60,24,786	-	2,60,24,786	51.10	3,68,81,136	-	3,68,81,136	59.70	+8.6
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4,52,200	62,100	5,14,300	1.01	4,52,200	62,100	5,14,300	0.83	-0.18
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs -	-	5,000	5,000	0.01	-	5,000	5,000	0.008	-0.002
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	4,52,200	67,100	5,19,300	1.02	4,52,200	67,100	5,19,300	0.838	-0.182
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	97631	96,500	1,94,131	0.38	39048	93,500	1,32,548	0.21	-0.17
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	9,02,686	32,44,640	41,47,326	8.14	12,11,399	32,50,840	44,62,239	7.22	-0.92
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakhs	4,56,884	1,29,300	5,86,184	1.15	2,57,816	56,700	3,41,516	0.55	-0.6
c) Others (specify)									
Non Resident Indians	44,057	9,04,600	9,48,657	1.86	27,116	8,97,200	9,24,316	1.50	-0.36
Overseas Corporate Bodies	1,84,99,990	-	1,84,99,990	36.33	1,84,99,990	-	1,84,99,990	29.94	-6.39
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	4,616	-	4,616	0.01	20,295	-	20,295	0.03	+0.02
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	2,00,05,864	43,75,040	2,43,80,904	47.87	2,00,55,664	42,98,240	2,43,80,904	39.45	-8.42
Total Public (B)	2,04,58,064	44,42,140	2,49,00,204	48.89	2,05,07,864	43,65,340	2,49,00,204	40.29	-8.6
<b>C. Shares held by</b>									
Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,64,82,850	44,42,140	5,09,24,990	100.00	5,73,89,000	43,65,340	6,17,81,340	100.00	0.00

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year March 2016		
		No. of Shares	% of total Shares of the	% of Shares of pledged / total shares	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares
1	Gayatri Fin-Holdings Pvt Ltd	15,70,950	3.08	0	15,70,950	2.54	100
2	T S R Holdings Pvt Ltd	20,26,000	3.98	0	20,26,000	3.27	100
3	Gayatri Capital Ltd	25,00,340	4.91	0	25,00,340	4.04	100
4	Subbarami Reddy Tikkavarapu	16,25,000	3.19	0	16,25,000	2.63	100
5	Tikkavarapu Sarita Reddy	9,60,839	1.89	0	48,80,279	7.90	100
6	Sandeep Kumar Reddy Tikkavarapu	1,47,96,055	29.05	94.62	1,74,89,815	28.31	93.49
7	Indira Tikkavarapu	25,45,602	5.00	98.21	67,88,752	10.99	37.50
	<b>Total</b>	<b>2,60,24,786</b>	<b>51.10</b>		<b>3,68,81,136</b>	<b>59.70</b>	

**(iii) Change in Promoters' Shareholding:**

SN	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase / Decrease	Reason	Share holding at the end of the year	
		No. of Shares	% of total Shares of the				No. of Shares	% of total Shares of the company
1	Tikkavarapu Sarita Reddy	9,60,839	1.89	10.09.2015	Increase	Allotment	48,80,279	7.90
2	Sandeep Kumar Reddy Tikkavarapu	1,47,96,055	29.05	10.09.2015	Increase	Allotment	1,74,89,815	28.31
3	Indira Tikkavarapu	25,45,602	5.00	10.09.2015	Increase	Allotment	67,88,752	10.99

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For each of the Top 10 shareholders	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>FURSA MAURITIUS SPV 1</b>					
	At the beginning of the year	01.04.2014	1,84,99,990	36.33		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	1,84,99,990	29.94	1,84,99,990	29.94
<b>2</b>	<b>SBI MAGNUM MULTIPLIER FUND</b>					
	At the beginning of the year	01.04.2015	4,52,200	0.89		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	4,52,200	0.73	4,52,200	0.73

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<b>3</b>	<b>KAMLESHKUMAR BHOGILAL PATEL</b>					
	At the beginning of the year	01.04.2015	1,37,000	0.27		
	Changes during the year	05.02.2016	-1,900	-0.003	1,35,100	0.22
	At the end of the year	31.03.2016	1,35,000	0.22	1,35,100	0.22
<b>4</b>	<b>MRIDULA JAIN</b>					
	At the beginning of the year	01.04.2015	42,600	0.0836		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	42,600	0.07	42,600	0.07
<b>5</b>	<b>PNB:PRINCIPAL TRUSTEE:PNB MUTUAL FUND</b>					
	At the beginning of the year	01.04.2015	38,400	0.08		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	38,400	0.06	38,400	0.06
<b>6</b>	<b>STAR SECURITIES PRIVATE LIMITED</b>					
	At the beginning of the year	01.04.2015	39,200	0.07		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	39,200	0.06	39,200	0.06
<b>7</b>	<b>VENKATA KRISHNA REDDY YERBAKA</b>					
	At the beginning of the year	01.04.2015	32,400	0.07		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	32,400	0.05	32,400	0.05
<b>8</b>	<b>PANNABANKIM BANKIM HAMIR</b>					
	At the beginning of the year	01.04.2015	0	0		
	Changes during the year	11.12.2015	10245	0.01	10,245	0.016
		18.12.2015	3224	0.00	13,469	0.021
		25.12.2015	9862	0.01	23,331	0.037
		22.01.2016	7729	0.01	31,060	0.05
	At the end of the year	31.03.2016	31060	0.05	31,060	0.05
<b>9</b>	<b>MEETHALE PURAYIL ABDULLA</b>					
	At the beginning of the year	01.04.2015	30000	0.05		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	30000	0.05	30000	0.05
<b>10</b>	<b>E SURENDRA</b>					
	At the beginning of the year	01.04.2015	27500	0.04		
	Changes during the year	N.A.	N.A.			
	At the end of the year	31.03.2016	27500	0.04	27500	0.04



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

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>SANDEEP KUMAR REDDY TIKKAVARAPU</b>					
	At the beginning of the year	01.04.2014	1,47,96,055	29.05		
	Changes during the year	10.09.2015	2693760	4.36	-	-
	At the end of the year	31.03.2015	1,74,89,815	28.31	1,74,89,815	28.31
<b>2</b>	<b>TIKKAVARAPU SARITA REDDY</b>					
	At the beginning of the year	01.04.2015	9,60,839	1.8868		
	Changes during the year	10.09.2015	39,19,440	6.34	-	-
	At the end of the year	31.03.2016	48,80,279	7.90	48,80,279	7.90

**VI. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,52,03,925	1,52,72,699	NIL	4,04,76,624
ii) Interest due but not paid	17,05,363	3,57,809	NIL	20,63,172
iii) Interest accrued but not due			NIL	
Total (i+ii+iii)	2,69,09,288	1,56,30,508	NIL	4,25,39,796
<b>Change in Indebtedness during the financial year</b>				
* Addition	13,64,85,508	3,22,025	NIL	13,68,07,533
* Reduction	(32,03,925)		NIL	(32,03,925)
Net Change	13,32,81,583	3,22,025	NIL	13,36,03,608
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	15,84,85,508	1,55,94,724	NIL	17,40,80,232
ii) Interest due but not paid	1,39,45,776	3,57,809	NIL	1,43,03,585
iii) Interest accrued but not due	-	NIL	-	
<b>Total (i+ii+iii)</b>	<b>17,24,31,284</b>	<b>1,59,52,533</b>	<b>-</b>	<b>18,83,83,817</b>

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### VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount (In Rs.)
	<b>Name</b>	<b>Executive Director Mr.C.V.Rayudu</b>	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,60,000	18,60,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NA	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NA	-
2	Stock Option	NA	-
3	Sweat Equity	NA	-
4	Commission		-
	- as % of profit	NA	-
	- others, specify	NA	-
5	Others, please specify	NA	-
	Total (A)	18,60,000	18,60,000
	Ceiling as per the Act	60,00,000	60,00,000

#### B. Remuneration to other Directors

S. No	Particulars of Remuneration	Name of Directors					Total Amount (Rs)
1	Independent Directors	Mr.T.R. Rajagopalan	Mr T.G. Pandya	Mr J.N. Karamchetti	Mr. T. Sandeep Kumar Reddy	Mrs.T. Sarita Reddy	
	Fee for attending board and committee meetings	60,000	72,000	60,000	48,000	72,000	3,12,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	60,000	72,000	60,000	48,000	72,000	3,12,000
2	Other Non-Executive Directors						
	Fee for attending board and committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	60,000	72,000	60,000	48,000	72,000	3,12,000
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S.No	Particulars of Remuneration	CFO Mr. P V Narayana Rao	CFO Mr. V. Kali Prasad (Resigned w.e.f. 02.03.2016)	CS S. Narasappa (Resigned w.e.f. )	Total
1	Remuneration for the year 2016-2016	7,06,875	6,85,500	—	—
	Total ( A)				

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>			<b>NIL</b>		
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

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### Annexure-V

#### PARTICULARS OF EMPLOYEES

DISCLOSURE IN THE BOARD'S REPORT UNDER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

i. The ratio of remuneration of each director to the mean median remuneration of the employees of the remuneration company for the financial year 2014-15	Director's name	Ratio to mean remuneration
	Mr.C.V.Rayudu Whole Time Director	7.90:1
ii. The percentage increase in remuneration of each Director Chief Financial Officer and Company Secretary in the financial year 2015-16 as compared to 2014-15.	Director's / CFO/ CS Name	% increase in remuneration
	Mr.C.V.Rayudu Whole Time Director	No Change
	Mr.V. Kali Prasad CFO	No Change
	Mr.S.Narasappa Company Secretary	No Change
iii. Percentage increase in the median remuneration of employees in the financial year 2015-16 as compared to 2014-15	—	—
iv. No. of permanent employees on the roll	As on 31.3.2016 318	As on 31.03.2015 332
v. Average percentile increase in salaries of employees other than managerial personnel	No Change	—

The board of directors of the company affirms that the remuneration is as per the remuneration policy of the company.

#### The details of Top Ten Employees of the Company

S. No.	Name of the Employee	Remuneration (In Rs.)
1.	C.V. Rayudu	1996800
2.	B. Venkataramana	1344000
3.	V. Kali Prasad	1136000
4.	J. Srinivasa Rao	1065744
5.	P.V. Narayanarao	706875
6.	V V V Satya Rama Rao	710384
7.	ASVSG Ravi Shankar	686760
8.	G. V. Satyanarayana	644688
9.	M. Suryanarayana	548472
10.	B. Umamaheswara Rao	522840

**Annexure-VI**

Information under Rule 8 (3) of Companies (Accounts) Rules 2015 and forming part of the directors' report for the year ended 31st March, 2016.

**A. Conservation of energy:**

**(I) Steps taken or impact on conservation of energy:**

The Company taken energy conservation measures in the manufacturing activity and every endeavor has been made to ensure the optimal use of energy and conserve energy as far as possible.

**(II) Steps taken by the company for utilizing alternate sources of energy:**

The Company is in the process to install Biogas engine which utilizes biogas captured while treating the effluents which are generated from the manufacturing processes of the company. This will result in substantial savings in power costs.

**III. Capital Investments on energy conservation equipments and proposals, if any, being implemented for reduction of consumption of energy:**

The company is in the process of installing co-generation power plant, whereby with the small additional consumption of husk, the power gets generated.

**B. Technology absorption:**

**I. Efforts, in brief, made towards technology absorption:**

The company has continued its efforts in the process of educating/ training shop floor employees resulting into improvement in the quality of dextrose syrup and other products. This in turn has helped in maintaining consistent operation of plants and has increased production of products.

**II. Benefits derived as a result of the above efforts:**

The fine tuning and process modification has resulted in improvement of efficiency at all levels.

**III. Imported Technology:**

- (a) Technology Imported: Nil
- (b) Year of Import: N.A
- (c) Has technology been fully absorbed : N.A
- (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action: N.A

**IV. Research and development (R & D):**

Efforts continue at all levels to improve operational efficiency and product up gradation to meet the requirements of the market.

**C. Foreign Exchange earnings and outgo:**

- 1. Foreign Exchange Earnings (FOB) : Nil
- 2. Foreign Exchange Outgo (CIF) : Nil

**By Order of the Board**

Place: Hyderabad  
Date: 13.08.2016

**T. Sandeep Kumar Reddy**  
Chairman

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015-16

#### 1. Overview of Corporate Governance of Gayatri Bio Organics Limited

The Company is a firm believer in core values of the Corporate Governance Code. The Company fully understands the rights of its shareholders to have intimation 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 been prompt in discharging its statutory and social obligations. The board of directors supports the broad principles of corporate governance and is committed to align and direct the actions of the company to achieve the objectives of transparency, accountability and integrity.

The Company has adopted a Code of Conduct for members of the Board and Senior Management, who have affirmed in writing their adherence to the Code.

#### 2. Board of Directors

The Board of Directors presently comprises of Six directors out of which one is executive director and five are non-executive Directors. Except Mr. T. Sandeep Kumar Reddy and Mrs. T. Sarita Reddy all other non-executive directors are independent directors and are from varied fields whose input bring in independent judgment to the discussions and deliberations in the board meetings.

##### (a) Composition:

**The Board of Directors consists of Six Directors as follows:**

Sri T. Sandeep Kumar Reddy	Chairman & Promoter Director
Smt. T. Sarita Reddy	Non Executive & Promoter Director
Sri. C.V. Rayudu	Whole Time Director
Sri T.G. Pandya	Non Executive & Independent Director
Sri J. N. Karamchetti	Non Executive & Independent Director
Sri Sri. T. R. Rajagopalan	Non Executive & Independent Director

The following table shows the composition of directors and their attendance at the board meetings held on the dates below mentioned and the last Annual General Meeting which was held on 26<sup>th</sup> September 2015.

Name	Category	Board Meetings Attended	Attendance at the last AGM	No. of Directorships held in other Companies	
				Public	Private
Sri T. Sandeep Kumar Reddy	Promoter-Chairman	4	Yes	9	8
Smt. T. Sarita Reddy	Non Executive & Promoter Director	5	No	7	15
Sri. C.V. Rayudu	Whole Time Director.	5	Yes	NIL	NIL
Sri. T.G. Pandya	Non Executive & Independent Director	5	Yes	NIL	NIL
Sri J.N. Karamchetti	Non-Executive & Independent Director	5	No	3	0
Sri. T.R. Rajgopalan	Non-Executive & Independent Director	4	Yes	1	3

**(b) Board Meetings held during the year 2014-15:**

The Board meets at least once in a quarter to consider among other business, the quarterly performance of the Company and financial results. During the financial year 2015-16 the Board Meeting was held Five times as follows:

<b>S. No</b>	<b>Date of Board Meeting</b>
1.	25 <sup>th</sup> May, 2015
2.	30 <sup>th</sup> May, 2015
3.	14 <sup>th</sup> August 2015
4.	14 <sup>th</sup> November, 2015
5.	13 <sup>th</sup> February, 2016

**(c) Details of Directors seeking re-appointment as required under clause 49 of the listing agreement and the Companies Act, 2013**

As per the requirements of Clause 49 of the Listing Agreement with Stock Exchange on Corporate Governance, the information about the Directors proposed to be re-appointed is given as under.

Mr. T. Sandeep Kumar Reddy has done Masters in Construction Engineering and Management from University of Michigan at Ann Arbor, USA and holds, a Bachelor Degree in Civil Engineering from Purdue University.

**3. Audit Committee**

The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act. The company has formed the audit committee comprising of three directors. Two of the members are independent directors; Sri. T.R. Rajagopalan is the chairman of the audit committee.

The audit committee at the board level acts as a link between the independent auditors, internal auditors, the management and the board of directors and oversees the financial reporting process. The audit committee interacts with the internal auditors, independent auditors, secretarial auditors and cost auditors and reviews and recommends their appointment and remuneration. The audit committee is provided with all necessary assistance and information to enable it to carry out its functions effectively.

**Terms of Reference:**

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement entered into with Stock Exchange read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

**Powers of Audit Committee**

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of Audit Committee**

**The role of the Audit Committee shall include the following**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the

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- Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
- b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the reports submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Examination of the financial statement and the auditors' report thereon
  21. Monitoring the end use of funds raised through public offers and related matters.
  22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee meetings were held 4 (four) times during the financial year 2014-15 and all the then members of the Committee have attended all the meetings held in the following dates:

**S. No      Date of Audit Committee Meetings**

1.            30<sup>th</sup> May, 2015
2.            14<sup>th</sup> August, 2015
3.            14<sup>th</sup> November, 2015
4.            13<sup>th</sup> February, 2016



**4. Nomination and Remuneration Committee**

**i. Brief Description of terms of Reference:**

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations read with section 178 of the Act.

**ii. Composition of Committee and Attendance:**

The Composition of Committee as mentioned in the following table and only one Nomination and Remuneration Committee Meeting was held during the Financial Year 2015-16 on 14<sup>th</sup> August, 2015 and all the members of the Committee attended the meeting.

S.No.	Name of the Director	Category	Designation
1.	Sri T.G. Pandya	Non-Promoter Non Executive Independent Director	Chairman
2.	Sri .J.N. Karamchetti	Non-Promoter Non Executive Independent Director	Member
3.	Sri T. R. Rajagopalaln	Non-Promoter Non Executive Independent Director	Member

The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

**iii. Terms of Reference**

Terms of reference The terms of reference of the Nomination and Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. To recommend/review remuneration of Key Managerial Personnel based on their performance and defined assessment criteria.
6. To decide on the elements of remuneration package of all the Key Managerial Personnel i.e. salary, benefits, bonus, stock options, pensions, etc.
7. Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
8. Payment / revision of remuneration payable to Managerial Personnel.
9. While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
10. The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
11. Any other functions / powers / duties as may be entrusted by the Board from time to time.

**Remuneration Policy:**

The remuneration policy is aimed to motivate and reward the performance on the basis of periodical appraisal of achievements. It follows the practices prevailing in the companies of our size and the industry in general to retain

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and attract talent and improve the quality of performance with a view to run the Company's operations efficiently, effectively and profitably. The adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company i.e <http://www.gayatribioorganics.com>

### 5. Stakeholders Relationship Committee

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.

The composition of the Stakeholders Relationship Committee is as under:

S. No.	Name of the Director	Category	Designation	Number of meetings held	Number of meetings attended
1.	Sri T. Sandeep Kumar Reddy	Executive-Promoter Director	Chairman	9	9
2.	Sri C. V. Rayudu	Non-Promoter Executive Director	Member	9	9
3.	Sri T.G. Pandya	Non-Promoter Non Executive - Independent Director	Member	9	9

The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no complaints pending for redressal during the year under review. There were no pending transfers as on 31<sup>st</sup> March, 2016.

### 6. General Body Meetings :

#### (i) General Body Meetings

The Annual General Meetings of the Company (AGM) has been held at the following places during the last three years.

Year	Venue	Day and Date	Time
2014-15	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red HillsHyderabad – 500 004	Saturday, 26 <sup>th</sup> September, 2015	10.00 A.M
2013-14	KLN PRASAD AUDITORIUM FAPCCI Building, Federation House, Red HillsHyderabad – 500 004	Tuesday, 30 <sup>th</sup> September, 2014	9.30 A.M
2012-13	KLN PRASAD AUDITORIUM FAPCCI Building, Federation House, Red HillsHyderabad – 500 004	Friday, 27 <sup>th</sup> September, 2013	10.00 A.M

## (ii) (a) Special Resolutions passed in the last three Annual General Meetings:

<b>AGM Date</b>	<b>Description of Item</b>
30 <sup>th</sup> September, 2014	Appointment of Sri C.V. Rayudu as the Whole Time Director for a period of 3 (three) years w. e. f. 28 <sup>th</sup> May, 2014.

## (b) Details of Extra-ordinary General Meeting was conducted in last three years.

<b>EGM Date</b>	<b>Description of Item</b>
Friday 24 <sup>th</sup> July, 2015	1. Alteration Of Memorandum of Association of The Company 2. Conversion of Part of Existing 6% Cumulative Redeemable Optionally Convertible Preference Shares Into Equity Shares

## (ii) Postal Ballot

During the year, no postal ballot process carried out for seeking the consent of the members of the Company.

## 7. Disclosures :

- (i) The particulars of transactions between the Company and its related parties are set out at Notes to financial statements. However these transactions are not likely to have any conflict with the Company's interest.
- (ii) The Company Secretary has resigned from the position of Compliance officer of the Company and the Company had not appointed in the vacant position within the time stipulated under the Provisions of Sec 203 Companies Act, 2013. There were no non-compliances during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchange, SEBI or any other Statutory Authority.
- (iii) The Company has posted the Code of Conduct for Directors and Senior Management on its website.
- (iv) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as entered with the Stock Exchange.

## 8. Means of Communication

The quarterly/ annual unaudited/ audited financial results of the Company are sent immediately to the BSE after they are approved by the Board of Directors. And also the said results within 48 hrs from the conclusion of the Board meeting were published in One English which is Circulated whole of India and One Telugu News Paper which is circulated at the Registered Office of the Company.

Financial results and other information are displayed in the Investor Relations section on the Company's Website: <http://www.gayatribioorganics.com>

No presentations were made to the Institutional Investors or to Analysts.

## 9. General Shareholder's information:

The 25<sup>th</sup> Annual General Meeting of the members of Company will be held on Wednesday, 28<sup>th</sup> September at 4.30 P.M at the "KLN Prasad Auditorium", The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad - 500 004  
Financial Calendar: 1<sup>st</sup> of April, 2015 to 31<sup>st</sup> of March, 2016

Results for the quarter ending:

30 <sup>th</sup> June, 2016	Second week of August, 2016
30 <sup>th</sup> September, 2016	Second week of November, 2016
31 <sup>st</sup> December, 2016	Second week of February, 2017
31 <sup>st</sup> March, 2016	Second /Third week of May, 2017

Date of Book closure: The Share Transfer Books of the Company shall remain closed from **Saturday, 24<sup>th</sup> September, 2016 to Wednesday, 28<sup>th</sup> September, 2016 (both days inclusive)** for the purpose of ensuing Annual General Meeting.

Listing on Stock Exchanges: The Company's shares are listed at BSE Limited, 1st Floor, New Trading Ring, PhirozeJeebhay Towers, Dalal Street, Mumbai.

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Dividend: No dividend was recommended during the year.

ISIN No : INE 052E01015.

Scrip Code : 524564

Depository Connectivity : CDSL & NSDL

The Listing fee for the year 2016-2017 has been paid to BSE Ltd.

### Market Price Data:

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2015-16 at The BSE Limited is as under:

DATE	BSE		
	High	Low	Qty Traded
April 2015	10.9	7.92	29048
May 2015	9.35	6.7	47883
June 2015	9.59	6.25	87330
July 2015	15.83	8.22	248671
August 2015	14.3	9.5	86750
September 2015	12.29	9.48	14483
October 2015	12.7	9.01	59779
November 2015	11.63	9	37586
December 2015	15.4	10.85	155894
January 2016	17.92	10.75	214169
February 2016	21.1	10	178901
March 2016	11.42	9.1	26047

### Registrar and Transfer Agent:

Venture Capital and Corporate  
Investments Pvt Ltd  
12-10-167, Bharat Nagar, Hyderabad - 500 018, T.S., India  
E.mail : info@vccipl.com

Contact Person :

Mr. E. S. K. Prasad, Chief Executive  
Ph: +91 40 23818475 / 76, Telefax: +91 40 23868024

### Share Transfer System :

The Share transfers are effected within one month from the date of lodgement for transfer, transmission, sub-division, consolidation, renewal etc. Such modified share certificates are delivered to the shareholders immediately

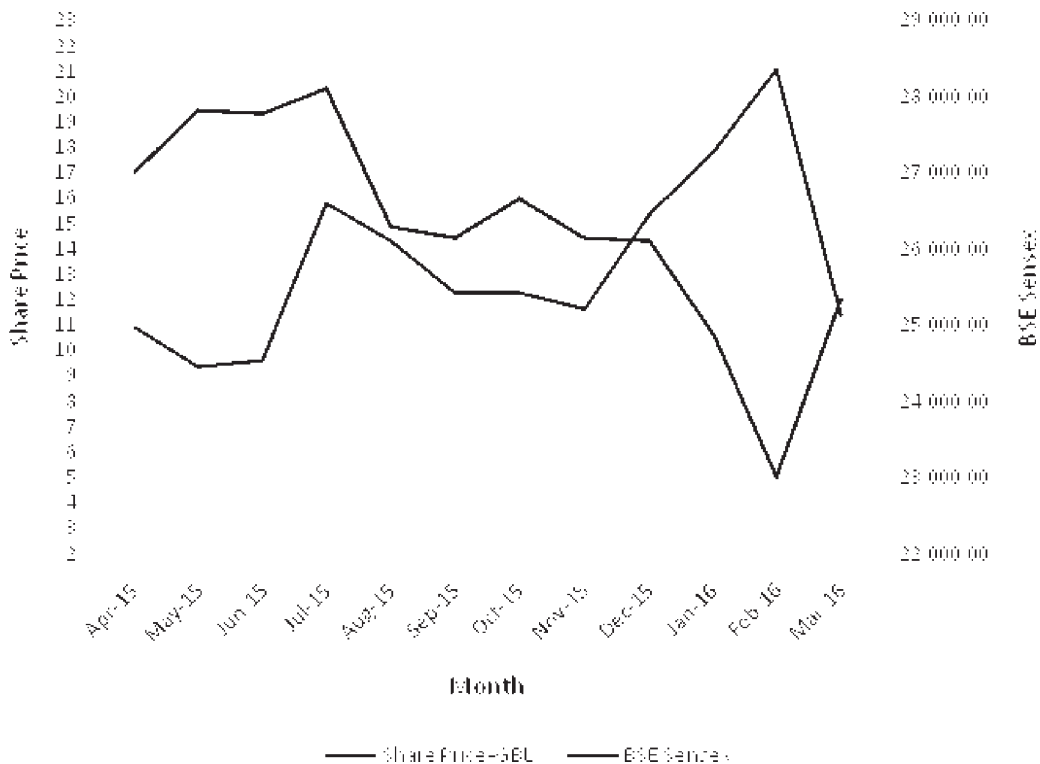
### Distribution of Shareholding as on 31st March, 2016 :

S.No	Category	Shareholders		Shares	
		Nos.	%	Nos.	%
1.	Up to - 500	19834	92.65	3036363	4.91
2.	501 - 1,000	1014	4.74	813209	1.32
3.	1,001 - 2,000	321	1.5	483010	0.78
4.	2,001 - 3,000	87	0.41	225478	0.36
5.	3,001 - 4,000	29	0.14	100510	0.16
6.	4,001 - 5,000	32	0.15	154768	0.25
7.	5,001 -10,000	46	0.21	361305	0.58
8.	10,001 & Above	44	0.21	56606697	91.62
	<b>Total</b>	<b>21407</b>	<b>100.00</b>	<b>61781340</b>	<b>100.00</b>

### Dematerialization of shares and liquidity:

As on 31<sup>st</sup> March, 2016, 91.28% (4, 64, 82,850 equity shares) of paid up capital were in dematerialized form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:  
Nil



## 25th Annual Report 2015-2016

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### **Plant Locations:**

Plant 1: NH-9, Nandikandi Village,  
Sadasivapet Mandal  
Medak District,  
Telangana - 502306.

Plant 2: Balbhadrapuram Village  
Biccavole Mandal,  
East Godavari District  
Andhra Pradesh - 533343.

### **Address for Correspondence:**

Secretarial Department,  
Gayatri BioOrganics Limited,  
#6-3-1090, B-Block, 3rd Floor, TSR Towers,  
Rajbhavan Road, Somajiguda, Hyderabad - 500082.

### **Compliance Certificate:**

Certificate from Practicing Company Secretary Mr.Y. Koteswara Rao confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Company with stock exchange(s) and as per the relevant regulation 15(2) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is enclosed to this Report.

### **By Order of the Board**

Place: Hyderabad  
Date: 13.08.2016

**T. Sandeep Kumar Reddy**  
Chairman

**CERTIFICATE**

**PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
**GAYATRI BIOORGANICS LIMITED**

I have examined the compliance of conditions of Corporate Governance by M/s. GayatriBioorganics Limited ('the Company'), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange(s) and as per the relevant regulation 15(2) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. My examinations has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations as applicable.

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

Place : Hyderabad  
Date : 13.08.2016

**Y. Koteswara Rao**  
Practicing Company Secretary  
C.P.No. 7427

### DECLARATION BY CHAIRMAN OF THE COMPANY ON CODE OF CONDUCT

As per the Revised Clause 49 of the Listing Agreement of the Stock Exchanges the Board shall lay down a code of conduct for all board members and senior management of the Company. The code of conduct shall be posted on the website of the Company and all the Board members and senior management personnel shall affirm compliance with the code on annual basis. The Annual report of the Company shall contain a declaration to this effect signed by Chairman of the Company.

I hereby declare that:

1. Code of Conduct adopted by the Company was circulated to the members of the Board and senior management of the Company.
2. All the members of the Board and senior management of the Company have confirmed the compliance with the Code of Conduct.

For **Gayatri BioOrganics Limited**

**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 13.08.2016



**CEO CERTIFICATION**

I, C.V. Rayudu, Whole Time Director of the Company to the best of my knowledge and belief, certify that;

- a) We have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2016 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We further certify that:
  - i) There have been no significant changes in internal control during this year.
  - ii) There have been no significant changes in accounting policies during this year.
  - iii) There have been no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system.

**For Gayatri BioOrganics Limited**

Place: Hyderabad  
Date: 13.08.2016

**C.V. Rayudu**  
WHOLE-TIME DIRECTOR

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
GAYATRI BIOORGANICS LIMITED

### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of Gayatri BioOrganics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

### **Basis for Qualified Opinion**

The Company's trade receivables include certain trade receivables amounting to Rs. 77,978,564/-- which are overdue and outstanding for a period more than one year and further, no confirmation of balances is on record for the said receivables. The management believes that the same are fully recoverable as it is in the process of collecting the amounts and no provisions are required. In the absence of adequate documentation, we are unable to comment on the timing and the ultimate amount of collection and its consequential impact on the Loss for the year.

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the basis for qualified opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Loss and its cash flows for the year ended on that date.

## Emphasis of Matter

Without qualifying our report, we draw attention to the following:

Note 2.25 to the financial statements which indicates that the company incurred a loss of Rs.387,272,125/- during the year ended 31 March 2016 and as on date accumulated losses amounting to Rs.795,843,558/- has substantially eroded the net worth of the company. These conditions, along with other matters as set forth in the said Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis for the reasons stated in the said note.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of all pending litigations on its financial position - refer Note 2.26 & Note 2.35 to the financial statements.
    - ii. The Company did not have any material foreseeable losses relating to long-term contracts including derivative contracts.
    - iii. There are no amounts to be transferred to Investor Education and Protection Fund.
2. As required by the Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

for M.BHASKARA RAO & Co.,  
CHARTERED ACCOUNTANTS  
Firm Regn No:000459S

Place: Hyderabad  
Date: 30<sup>th</sup> May, 2016

D BAPU RAGHAVENDRA  
PARTNER  
Membership No: 213274

# 25th Annual Report 2015-2016

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## **Annexure A to the Independent Auditor's report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Gayatri Bio Organics Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion on internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Disclaimer of Opinion**

According to the information and explanation given to us, the Company is in the process of documenting its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

for M.BHASKARA RAO & Co.,  
CHARTERED ACCOUNTANTS  
Firm Regn No:000459S

D BAPU RAGHAVENDRA  
PARTNER  
Membership No: 213274

Place: Hyderabad  
Date: 30<sup>th</sup> May, 2016

# 25th Annual Report 2015-2016

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## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**(i) In respect of its fixed assets:**

- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, a major portion of fixed assets have been physically verified by its management during the year in accordance with a programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations furnished to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

**(ii) In respect of its inventory**

- (a) According to the information and explanations given to us, the Management has physically verified the inventory during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between physical stock and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) 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 covered by clause (76) of section 2 of the Companies Act, 2013. Accordingly, reporting under clauses (a) (b) and (c) of paragraph 3(iii) of the Order does not arise.
- (iv) According to the information and explanations furnished to us, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties specified in the Sections 185 and 186 of the Companies Act, 2013.
- (v) According to the information and explanations furnished to us, the Company has not accepted any deposits from the public. Hence, reporting under the provisions of paragraph 3(v) of the Order does not arise.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub - section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues during the year under report:
  - (a) on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have not been regularly deposited during the year by the Company with the appropriate authorities and there have been serious delays in large number of cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable

- (b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Customs duty and duty of excise have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Customs Duty	4,15,87,220*	Financial Year 1994-95	CESTAT-Bangalore
Central Excise Act, 1944	Excise duty including penalty	5,59,55,766	02/2010 to 08/2014	CESTAT-Hyderabad
Central Excise Act, 1944	Excise duty including penalty	81,36,208	09/2014 to 05/2015	CESTAT-Hyderabad

\*Net of deposit. An amount of Rs.37,00,000 has been paid under protest.

- (viii) In our opinion and according to the information and explanations furnished to us, the Company has defaulted in repayment of dues on borrowings, as at March 31, 2016. Instalments amounting to Rs.6,20,00,000/- and interest amounting to Rs.5,23,19,052/- were due for payment as at 31st March 2016. (Refer Note 2.7 of the financial statements).

Lender Name	Principal (Rs.)	Number of Installments	Period of delay as on 31.03.2016 (in days)
SICOM Ac.No-F0680	2,20,00,000	4	76-260
SICOM Ac.No-F0701	4,00,00,000	4	107-382

Lender Name	Principal (Rs.)	Number of Installments	Period of delay as on 31.03.2016 (in days)
SICOM Ac.No-F0680	45,63,278	10	32-275
SICOM Ac.No-F0701	4,77,55,774	15	32-425

- (ix) According to the information and explanations furnished to us, the Company has, during the year under report, applied the monies raised by it through term loans for the purposes for which they were raised. The Company did not make any initial public offer or further public offer of any of its securities during the year under report.
- (x) According to the information and explanations furnished to us, no fraud by the Company, nor any fraud on the Company by any of its officers or its employees has been noticed or reported during the year under report.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the Company has, during the year under report, paid / provided for managerial remuneration in accordance with Section 197 read with Schedule V of the Companies Act 2013.
- (xii) In our opinion, reporting requirement under Paragraph 3(xii) of the order does not arise since, according to the information and explanations furnished to us, the Company is not a Nidhi Company.

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- (xiii) According to the information and explanations furnished to us, the transactions entered into by the Company with its related parties are in compliance with the requirements of the provisions of Sections 177 and 188 of the provisions of the Companies Act 2013.
- (xiv) According to the information and explanations furnished to us, the Company has made preferential allotment of shares converting the 10,85,635, 6% cumulative redeemable convertible preference shares of INR 100 each issued to the promoters with face value of Rs. 100/- each as 10856350 equity shares of Rs. 10/- each on September 10, 2015 as the promoters have exercised the option for conversion.
- According to the information and explanations furnished to us, the Company has not made any private placement of its shares or fully or partly convertible debentures during the year under report.
- (xv) According to the information and explanations furnished to us, the Company has not entered into any agreements for acquisition of assets from or for transferring its assets to its directors, or the directors of its subsidiary companies or persons connected with such directors, for a consideration other than cash, during the year under report.
- (xvi) In our opinion based on the information and explanations furnished to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for M.BHASKARA RAO & Co.,  
CHARTERED ACCOUNTANTS  
Firm Regn No:000459S

D BAPU RAGHAVENDRA  
PARTNER  
Membership No: 213274

Place: Hyderabad  
Date: 30<sup>th</sup> May, 2016



**BALANCE SHEET AS AT 31 MARCH 2016**

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Note	As At 31st March 2016	As At 31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2.1	<b>817,813,400</b>	817,813,400
(b) Reserves and surplus	2.2	<b>(795,843,558)</b>	(408,571,433)
		<b>21,969,842</b>	409,241,967
<b>Non-current liabilities</b>			
(a) Long-term borrowings	2.3	<b>136,311,072</b>	174,080,232
(b) Long-term provisions	2.4	<b>14,127,212</b>	20,331,023
		<b>150,438,284</b>	194,411,255
<b>Current liabilities</b>			
(a) Short-term borrowings	2.5	<b>716,604,878</b>	325,415,686
(b) Trade payables	2.6		336,692,998
MSME Payables		<b>3,654,713</b>	—
Others		<b>291,879,974</b>	—
(c) Other current liabilities	2.7	<b>230,965,565</b>	154,203,816
(d) Short-term provisions	2.8	<b>1,509,875</b>	1,193,679
		<b>1,244,615,005</b>	817,506,179
		<b>1,417,023,131</b>	1,421,159,403
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
Tangible assets	2.9	<b>456,947,122</b>	471,892,047
Capital work-in-progress		<b>60,115,831</b>	57,969,847
(b) Non-current investments	2.10	<b>15,000</b>	15,000
(c) Long-term loans and advances	2.11	<b>23,464,969</b>	16,276,033
		<b>540,542,922</b>	546,152,927
<b>Current assets</b>			
(a) Inventories	2.12	<b>366,945,743</b>	360,001,089
(b) Trade receivables	2.13	<b>436,286,739</b>	442,524,897
(c) Cash and bank balances	2.14	<b>19,640,976</b>	20,178,289
(d) Short-term loan and advances	2.15	<b>50,722,257</b>	50,614,337
(e) Other current assets	2.16	<b>2,884,495</b>	1,687,863
		<b>876,480,210</b>	875,006,475
		<b>1,417,023,131</b>	1,421,159,402

**Significant accounting policies**

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **M. Bhaskara Rao & Co**

for **Gayatri BioOrganics Limited**

Chartered Accountants

**D Babu Raghavendra**

Partner

Membership No. : 213274

**T. Sandeep Kumar Reddy**

Chairman

**C.V. Rayudu**

Director

Place : Hyderabad

Date: 30<sup>th</sup> May, 2016

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### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(All amounts in Indian rupees, except share data and where otherwise stated)

PARTICULARS	Note	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
<b>Revenue from operations</b>			
Sale of products (gross)		<b>1,428,379,453</b>	2,657,269,873
Less: Excise duty		<b>(51,946,574)</b>	(100,257,926)
Sale of products (net)		<b>1,376,432,879</b>	2,557,011,947
Other operating revenues	2.17	<b>5,107,581</b>	8,564,127
		<b>1,381,540,460</b>	2,565,576,074
Other income	2.18	<b>9,613,682</b>	2,598,426
<b>Total Revenue</b>		<b>1,391,154,142</b>	2,568,174,500
<b>Expenses</b>			
Cost of materials consumed	2.19	<b>923,406,951</b>	1,233,639,042
Cost of traded goods		<b>456,044,446</b>	861,094,928
Change in inventory of finished goods and work-in-progress	2.20	<b>(17,159,168)</b>	(4,583,120)
Employee benefits expense	2.21	<b>98,901,896</b>	100,207,200
Finance costs	2.22	<b>127,402,867</b>	93,941,444
Depreciation	2.9	<b>21,338,844</b>	23,738,357
Other expenses	2.23	<b>168,490,430</b>	222,115,442
<b>Total expenses</b>		<b>1,778,426,266</b>	2,530,153,293
<b>Profit before exceptional Items</b>		<b>(387,272,125)</b>	38,021,207
Add : Exceptional Items		—	10,143,000
<b>Profit/(Loss) for the year</b>		<b>(387,272,125)</b>	48,164,207
Current tax		—	8,842,948
<b>Profit / (loss) for the year</b>		<b>(387,272,125)</b>	39,321,258
<b>Earning per equity share (Nominal value of Share INR 10 (Previous Year : INR : 10)</b>			
Basic	2.30	<b>(7.01)</b>	0.34
Diluted		<b>(7.01)</b>	0.34

#### Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **M. Bhaskara Rao & Co**

Chartered Accountants

**D Babu Raghavendra**

Partner

Membership No. : 213274

Place : Hyderabad

Date: 30<sup>th</sup> May, 2016

for **Gayatri BioOrganics Limited**

**T. Sandeep Kumar Reddy**

Chairman

**C.V. Rayudu**

Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

(All amounts in Indian rupees, except share data)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
<b>A. Cash flow from operating activities</b>		
Profit before tax	(387,272,125)	38,021,207
<b>Adjustments for:</b>		
Depreciation and amortisation	21,338,844	23,738,357
Exceptional Items	—	10,143,000
(Profit) / loss on sale / write off of assets	7,428,742	(48,315)
Finance costs	127,402,867	93,941,444
Interest income	(2,184,940)	(2,598,426)
	<u>153,985,514</u>	<u>125,176,060</u>
	<u>(233,286,611)</u>	<u>163,197,267</u>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(6,944,654)	(117,537,016)
Trade receivables	6,238,158	511,163,759
Short term loans and advances	8,463,865	(17,145,132)
Long term loans and advances	(7,188,936)	(20,235)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(44,813,024)	(506,153,202)
Other current liabilities	9,745,082	(18,068,007)
Short term provisions	9,159,144	(9,126,868)
Long term provisions	(6,203,811)	4,421,217
	<u>(31,544,176)</u>	<u>(152,465,484)</u>
Cash generated from operations	<u>(264,830,787)</u>	10,731,783
Income Tax paid (Net)	—	—
<b>Net cash generated in Operating Activities</b>	<b>(264,830,787)</b>	10,731,783
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets (including capital advances)	(9,481,304)	(61,147,507)
Proceeds from sale of fixed assets	(7,428,742)	48,315
Bank balances (Having original Maturity more than 3 months)	1,694,726	(11,953,860)
Interest received	988,308	2,010,563
	<u>(14,227,012)</u>	<u>(71,042,489)</u>
Net cash (Used)/ Generated in Investing Activities (B)		
<b>C. Cash flow from financing activities</b>		
Long term Borrowings - borrowed/ (repaid)/ (net)	(8,767,960)	129,142,942
Short term Borrowings - borrowed / (repaid) / (net)	391,189,192	(2,663,026)
Finance Cost	(102,206,019)	(81,701,031)
Divident and Dividend Tax Paid	—	—
<b>Net cash generated/ (used) in Financing Activities (C)</b>	<b>280,215,213</b>	44,778,885
<b>Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,157,414</b>	(15,531,821)
Cash and cash equivalents at the beginning of the year	6,244,430	21,776,251
<b>Cash and cash equivalents at the end of the year</b>	<b>7,401,843</b>	6,244,430

As per our report of even date attached

for **M. Bhaskara Rao & Co**

Chartered Accountants

**D. Bapu Raghavendra**

Partner

Membership No. : 213274

Place : Hyderabad

Date: 30<sup>th</sup> May, 2016

for **Gayatri BioOrganics Limited**

**T. Sandeep Kumar Reddy**

Chairman

**C.V. Rayudu**

Whole Time Director

# 25th Annual Report 2015-2016

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## NOTES TO ACCOUNTS

### Company overview

Gayatri BioOrganics Limited ("GBOL" or "the Company"), was incorporated under the name Starchem Industries Limited on 2nd December 1991 and later on the name was changed to Gayatri Starchem Limited on 24th October 1997. On 13th February 2008 the name was changed to Gayatri BioOrganics Limited and is listed on the Bombay Stock Exchange (BSE). The Company is into the manufacturing of Starch, Modified Starches, Liquid Glucose, Sorbitol, and its allied products, and trading in Maize in South India.

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian Rupees.

#### 1.2 Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenue and expenses for the year. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 1.3 Current and non-current classification

All assets and liabilities are classified into current and non-current

##### *Assets*

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

##### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

## Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or

### 1.3 Current and non-current classification (continued)

- d. Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

## Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

### 1.4 Inventories

Inventories which comprise raw materials (including traded goods), work-in-process, finished goods and stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	First-in-first-out (FIFO)
Stores and spares	Weighted average method

Work-in-process and finished goods FIFO and including an appropriate share of production overheads

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-process is determined with reference to the selling prices of the related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where the material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

### 1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

#### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with the dispatch of goods and is stated net of returns, rebates, sales tax and applicable trade discounts and allowances.

#### *Interest*

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 1.6 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly

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attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Depreciation on fixed assets is provided using the straight-line method as per the rates specified in Schedule II of the Companies Act, 2013. In the opinion of management, the rates specified in Schedule II reflect the useful lives of these assets. Depreciation is calculated on a pro-rata basis from/up to the date the assets are purchased/sold. Assets costing individually Rs. 5,000 or less are depreciated fully in the year of acquisition.

### 1.7 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

### 1.8 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares, convertible debentures etc.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

### 1.9 Employee benefits

#### *Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

#### *Post-employment benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### *Defined benefit plan*

The Company's gratuity benefit scheme is a defined benefit plan, The Company's net obligation in

respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs is deducted. The calculation of the Company's obligation under this scheme is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from this defined benefit plan immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

#### *Compensated absences*

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, portion of the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

### **1.10 Leases**

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

### **1.11 Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). In computing dilutive earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

### **1.12 Income tax**

Income tax expense comprises current tax and deferred tax charge or credit. Income-tax expense is recognised in the statement of profit or loss.

#### *Current tax*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

#### *Deferred tax*

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or benefit and the corresponding deferred tax



liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realised.

The break-up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has a legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### **1.13 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that any asset forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of profit and loss.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

### **1.14 Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated. Interest capitalised as part of fixed assets are disclosed under financing activities.

### **1.15 Borrowing costs**

Borrowing costs that are attributable to construction of a qualifying asset are capitalized as a part of the cost of that asset. The amount of borrowing costs eligible for capitalisation are determined as the actual borrowing costs incurred on that borrowing during the period less any income on the temporary investment of those borrowings. Other borrowing costs are recognized as expenditure in the year in which they are incurred.

### **1.16 Provisions and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

#### *Onerous contracts*

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.



## Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As At 31st March 2016	As At 31st March 2015
<b>2.1 SHARE CAPITAL</b>		
<b>Authorised</b>		
70,000,000 (previous year: 51,000,000) equity shares of INR 10 each	<b>700,000,000</b>	510,000,000
2,000,000 (previous year : 3,900,000) 6% cumulative redeemable optionally convertible preference shares of INR 100 each	<b>200,000,000</b>	390,000,000
	<b>900,000,000</b>	900,000,000
<b>Issued, subscribed and paid-up capital</b>		
61,781,340 (previous year: 50,924,990) equity shares of INR 10 each.	<b>617,813,400</b>	509,249,900
2,000,000 (previous year: 3,085,635) 6% cumulative redeemable optionally convertible preference shares of Rs. 100 each.	<b>200,000,000</b>	308,563,500
	<b>817,813,400</b>	817,813,400

a. The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
<b>Equity Shares</b>				
At the commencement of the year	50,924,990	509,249,900	50,924,990	509,249,900
Conversion of preference shares to equity	10,856,350	108,563,500	—	—
At the end of the year	<b>61,781,340</b>	<b>617,813,400</b>	50,924,990	509,249,900
<b>6% cumulative redeemable optionally convertible preference shares</b>				
At the commencement of the year	3,085,635	308,563,500	3,085,635	308,563,500
Shares issued during the year	—	—	—	—
Conversion of preference shares to equity	1,085,635	108,563,500	-	-
At the end of the year	<b>2,000,000</b>	<b>200,000,000</b>	3,085,635	308,563,500

### Rights preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

### Rights preferences and restrictions attached to 6% cumulative redeemable optionally convertible preference shares

The Company had issued 3,838,135, 6% cumulative redeemable convertible preference shares of INR 100 each to the promoters on 12 September 2007. Out of these shares, 752,500 shares were converted into equity shares of the company after the expiry of 36 months at par on 10th November, 2010. The remaining 3,085,635 shares shall carry the option of being converted at the option of the holder into ordinary equity shares of the Company after the expiry of a period of sixty months at a price to be determined in accordance with the then prevailing SEBI (DIP) guidelines or can be redeemed by the Company at par after the end of year 5, 6, 7 and 8 from the date of allotment. During the year the promoters have exercised the option of conversion and accordingly converted preference shares of 10,85,635/- with face value of Rs. 100/- each as 10856350 equity shares of Rs. 10/- each on september 10, 2015.

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### Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
<b>Equity shares of INR 10 each fully paid-up held by :</b>				
T. Sandeep Kumar Reddy	<b>17,489,815</b>	<b>28.31</b>	14,796,055	29.05
Fursa Mauritius	<b>18,499,990</b>	<b>29.94</b>	18,499,990	36.33
T. Indira	<b>6,788,752</b>	<b>10.99</b>	2,545,602	5.00
T. Sarita Reddy	<b>4,880,279</b>	<b>7.90</b>	—	—

#### 6% cumulative redeemable optionally convertible preference shares of INR 100 each held by :

Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
T. Sandeep Kumar Reddy	<b>2,000,000</b>	<b>100.00</b>	2,269,376	73.55
T. Sarita Reddy	—	<b>0.00</b>	391,944	12.70
T. Indira Subbaramireddy Tikkavarapu	—	<b>0.00</b>	424,315	13.75

As at  
**31 March 2016**                      As at  
31 March 2015

## 2.2 Reserves and surplus

### Central subsidy

At the commencement and at the end of the year

**1,000,000**                      1,000,000

**1,000,000**                      1,000,000

### Surplus/(deficit) in the statement of profit and loss

At the commencement of the year

**(409,571,433)**                      (448,892,691)

Profit/(Loss) for the year

**(387,272,125)**                      39,321,258

At the end of the year

**(796,843,558)**                      (409,571,433)

**(795,843,558)**                      (408,571,433)

## 2.3 Long term borrowings

	As at 31 March 2016		As at 31 March 2015	
	Non Current	Current	Non Current	Current
Term loans				
From financial institution (secured) *	<b>120,000,000</b>	<b>102,000,000</b>	157,996,180	73,000,000
From Mr. T Sandeep Kumar Reddy, Director (unsecured) **	<b>15,916,750</b>	—	15,594,724	—
Vehicle loan from bank (secured) #	<b>394,322</b>	<b>121,728</b>	489,328	120,528
	<b>136,311,072</b>	<b>102,121,728</b>	174,080,232	73,120,528

\*\*\* Details of term loans obtained from the financial institutions “

**Term loan - II** from financial institutions is obtained from State Industrial and Investment Corporation of Maharashtra Limited and carry an interest rate of 18.00% per annum and is repayable in 1 quarterly installment of INR 4,000,000 and 16 quarterly installments of INR 6,000,000 commencing from December 2011.

## Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

“**Term loan - III** from financial institutions is obtained from State Industrial and Investment Corporation of Maharashtra Limited and carries an interest rate of 18.00% per annum and is repayable in 16 quarterly installment of INR 10,000,000 and 1 quarterly installment of INR 40,000,000 commencing from June 2015.

“As on the balance sheet date Rs.620 Lakhs is overdue in repayment of principal in respect of SICOM Loan and Rs. 573.97 Lakhs overdue towards interest.

“The loans are secured against first charge and hypothecation of entire fixed assets of the Company, both present and future, including land and building together with plant and machinery at Nandikandi unit and irrevocable personal guarantee of the promoter director.”

\*\* Loans from Mr T Sandeep Reddy, Director of the Company (related party) includes an amount of Rs.10,762,154 (previous year INR 10,762,154) carrying no interest and INR 23,85,393(previous year INR 23,85,393) carries an interest rate of 15% per annum. The loans do not have a fixed repayment term and will be repaid subject to the Company having adequate cash profits.

# **Vehicle loan** is obtained from HDFC Bank in the financial year 2014-15 and carries an interest rate of 11.50% per annum and is repayable in 60 equal monthly installment including interest of INR 10,144 with the last installment due in March 31, 2019 The loan is secured against the hypothecation of vehicle.

	<b>As at 31 March 2016</b>	As at 31 March 2015
<b>2.4 Long term provisions</b>		
Provision for employee benefits		
- Gratuity (Refer note no. 2.33)	<b>11,750,427</b>	9,323,730
- Provision for MAT	—	8,842,948
- Compensated absences	<b>2,376,785</b>	2,164,345
	<b>14,127,212</b>	20,331,023
<b>2.5 Short term borrowings</b>		
Loans repayable on demand		
Cash credit from bank (secured) *	<b>354,300,911</b>	155,564,060
Key cash credit from bank (secured)**	—	18,301,119
From Others (Unsecured)***	<b>362,303,967</b>	151,550,507
	<b>716,604,878</b>	325,415,686

\* The The cash credit and over draft facilities from bank carry an interest rate of 14% per annum computed on a monthly basis on the actual amount utilised and are repayable on demand. The loan is secured against hypothecation on entire stocks, book debts, loans and advance etc., at the Balabadrapuram and Nandikandi units along with personal guarantee of Mr. T Sandeep Kumar Reddy.

\*\*\* Loans from Others Carry an interest rate of 14.5% per annum and are repayable on demand .

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### Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

#### 2.6 Trade payables

	As at 31 March 2016	As at 31 March 2015
Trade Payables		
Due to micro and small suppliers (Refer note no.2.34)	<b>3,654,713</b>	3,654,713
Due to Trade creditors	—	—
Other creditors	<b>291,879,974</b>	333,038,285
	<b>295,534,687</b>	336,692,998

#### 2.7 Other current liabilities

Current maturities of long-term debts		
.....	—	—
Financial institutions	<b>40,000,000</b>	73,000,000
Vehicle loan from bank	<b>121,728</b>	120,528
Overdue instalments of long term loans	<b>62,000,000</b>	—
Interest accrued but not due on borrowings		
Other payables	<b>52,319,052</b>	14,303,585
Payables for purchase of fixed assets	<b>4,392,674</b>	4,195,994
Advances from customers	<b>27,924,726</b>	16,163,387
Employee benefit liabilities	<b>12,043,209</b>	7,939,234
Statutory liabilities	<b>12,952,294</b>	25,439,397
Provision for expenses	<b>19,211,882</b>	13,041,691
	<b>230,965,565</b>	154,203,816

#### 2.8 Short term provisions

Provision for employee benefits		
Gratuity (Refer note no. 2.33)	<b>1,007,398</b>	767,085
Provision for MAT	—	—
Compensated absences	<b>502,477</b>	426,594
	<b>1,509,875</b>	1,193,679

**Notes to the financial statements for the year ended 31 March 2016(Continued)**  
(All amounts in Indian rupees, except share data and where otherwise stated)

**2.9 FIXED ASSETS**

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1 April 2015	Additions during the year	Deletions adjustments	As at 31 March 2016	As at 31 March 2015	Charge for the year	Deletions/ adjustments	As at 31 March 2016	As at 31 March 2016	At at 31 March 2015
<b>Tangible asset</b>										
Land	88,768,945	-	375,304	<b>88,393,641</b>	-	-	-	-	<b>88,393,641</b>	88,768,945
Buildings	240,221,683	853,000	1,572,000	<b>239,502,683</b>	97,722,358	7,645,636	1,005,903	<b>104,362,090</b>	<b>135,140,593</b>	142,499,325
Plant and machinery	645,622,970	6,433,020	-	<b>652,055,990</b>	408,015,477	12,096,006	-	<b>420,111,483</b>	<b>231,944,507</b>	237,607,493
Furniture and fixtures	2,752,591	-	-	<b>2,752,591</b>	2,742,764	-	-	<b>2,742,764</b>	<b>9,827</b>	9,827
Vehicles	8,830,178	-	-	<b>8,830,178</b>	6,472,124	1,407,103	-	<b>7,879,227</b>	<b>950,951</b>	2,358,054
Office equipments	3,324,904	49,300	-	<b>3,374,204</b>	2,934,306	96,281	-	<b>3,030,587</b>	<b>343,617</b>	390,598
Computers	4,041,645	-	-	<b>4,041,645</b>	3,783,840	93,819	-	<b>3,877,659</b>	<b>163,986</b>	257,805
Total	993,562,916	7,335,320	1,947,304	<b>998,950,932</b>	521,670,869	21,338,844	1,005,903	<b>542,003,810</b>	<b>456,947,122</b>	471,892,047
Previous year	980,840,012	5,915,549	-	<b>986,755,561</b>	455,478,203	42,502,626	-	<b>497,980,829</b>	<b>488,774,732</b>	525,361,809

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### Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>2.10 Non Current investments</b>		
<i>(Valued at cost unless otherwise stated)</i>		
<b>Trade investments: quoted</b>		
<b>Investment in equity instruments</b>		
S.S.Organics Limited [3,000 (previous year: 3,000) equity shares of INR 10 each, fully paid-up]	30,000	30,000
East, West Travel and Trade Links [7,100 (previous year: 7,100) equity shares of INR 10 each, fully paid-up]	284,000	284,000
<b>Trade investments: unquoted</b>		
<b>Investment in equity instruments</b>		
Sri Lakshmi Engineering Limited [1,000 (previous year: 1,000) equity shares of INR 10 each, fully paid-up]	26,900	26,900
Less: Provision for permanent diminution	(325,900)	(325,900)
<b>Total Investments, net</b>	<b>15,000</b>	15,000
Quoted non-current investments		
Aggregate book value	314,000	314,000
Aggregate market value	44,675	44,675
Aggregate book value of un-quoted non-current investments	26,900	26,900
<b>2.11 Long term loans and advances</b>		
Capital advances		
(Un Secured and considered good)	3,760,264	1,802,439
	<b>3,760,264</b>	1,802,439
Advance for land		
(Unsecured)		
Considered good	150.00	150.00
Considered doubtful	1,861,256	1,861,256
Less: Provision for doubtful advances	(1,861,256)	(1,861,256)
	<b>150,000</b>	150,000
Security deposits		
(Unsecured)		
Considered good	19,554,704	14,323,594
Considered doubtful	510,000	510,000
Less: Provision for doubtful deposits	(510,000)	(510,000)
	<b>19,554,704</b>	14,323,594
	<b>23,464,968</b>	16,276,033

## Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>2.12 Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials	<b>318,400,658</b>	301,482,543
Stock of Traded Goods	—	26,754,000
Work-in-progress	<b>7,134,655</b>	4,957,997
Finished goods	<b>32,807,712</b>	16,815,729
Stores and spares	<b>8,602,717</b>	9,990,820
	<b>366,945,743</b>	360,001,089
<b>2.13 Trade receivables</b>		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, considered good	<b>219,129,225</b>	89,201,371
Unsecured, considered doubtful	<b>8,915,621</b>	8,915,621
Less: Provision for doubtful receivables	<b>(8,915,621)</b>	(8,915,621)
(A)	<b>219,129,225</b>	89,201,371
Other receivables		
Unsecured, considered good	<b>217,157,514</b>	353,323,526
(B)	<b>217,157,514</b>	353,323,526
(A) + (B)	<b>436,286,739</b>	442,524,897
<b>2.14 Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	<b>1,528,554</b>	2,168,506
Balance with banks		
On current accounts	<b>5,873,289</b>	4,075,924
<b>Other bank balances</b>		
- Margin money towards letter of credit (due to mature within 12 months of the reporting date)	<b>12,239,133</b>	13,933,859
	<b>19,640,976</b>	20,178,289
<b>2.15 Short-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Advance to suppliers	<b>33,650,107</b>	37,687,858
Tax deducted at source	<b>2,295,523</b>	1,247,100
Cenvat receivable	<b>6,485,743</b>	6,310,841
Mat Credit Receivables	<b>1,241,470</b>	1,241,470
Prepaid expenses	<b>5,206,907</b>	2,959,440
Staff advance	<b>1,842,507</b>	1,167,628
<i>(Unsecured, considered doubtful)</i>		
Advance to suppliers	<b>1,922,053</b>	1,922,053
Less: Provision for advance to suppliers	<b>(1,922,053)</b>	(1,922,053)
	<b>50,722,257</b>	50,614,337

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### Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>2.16 Other current assets</b>		
(Unsecured, considered good)		
Interest accrued	2,884,495	1,687,863
	<u>2,884,495</u>	<u>1,687,863</u>
	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
<b>2.17 Other operating revenues</b>		
Sale of scrap and husk ash	2,624,001	7,915,012
Miscellaneous income	2,483,580	649,115
	<u>5,107,581</u>	<u>8,564,127</u>
<b>2.18 Other income</b>		
Interest income - others	2,184,940	2,598,426
Profit on sale of Assets	7,428,742	0
	<u>9,613,682</u>	<u>2,598,426</u>
<b>2.19 Cost of materials consumed</b>		
Raw materials and packing materials consumed:		
Inventory of material at the beginning of the year	328,236,543	218,549,868
Purchases	913,571,066	1,343,325,717
Inventory of material at the end of the year	<b>(318,400,658)</b>	<b>(328,236,543)</b>
	<u>923,406,951</u>	<u>1,233,639,042</u>
<b>2.20 Change in inventory of finished goods and work in process</b>		
Opening stock		
Finished goods	16,815,729	9,149,947
Work-in-progress	4,957,997	7,316,416
Less: Closing stock		
Finished goods	32,807,712	16,815,729
Work-in-process	7,134,655	4,957,997
Increase/ (decrease) in stock	<b>(18,168,642)</b>	<b>(5,307,362)</b>
Increase/ (decrease) in excise duty due to closing inventory	1,009,474	724,243
	<u>(17,159,168)</u>	<u>(4,583,119)</u>
<b>2.21 Employee benefits expense</b>		
Salaries, wages and bonus		
Contribution to provident fund and other funds	87,023,804	86,573,616
Staff welfare expenses	5,813,217	6,312,849
Directors' remuneration	1,996,800	1,996,800
	<u>98,901,896</u>	<u>100,207,200</u>



## Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
<b>2.22 Finance costs</b>		
Interest expense		
- on term loan from SICOM	<b>48,019,287</b>	36,464,767
- on term loan from banks	—	2,253,438
- on cash credits	<b>40,251,743</b>	20,749,512
- on others	<b>33,603,388</b>	27,266,406
Bank charges	<b>5,528,449</b>	7,207,321
	<b>127,402,867</b>	93,941,444
<b>2.23 Other expenses</b>		
Consumption of stores and spares	<b>14,418,360</b>	25,991,181
Power and fuel	<b>73,090,098</b>	118,067,832
Rent (refer note 2.32 )	<b>3,584,001</b>	3,237,641
Repairs		
Buildings	<b>575,948</b>	809,938
Plant and machinery	<b>1,769,097</b>	6,422,572
Others	<b>2,493,464</b>	3,188,193
Rates and taxes	<b>4,229,253</b>	1,451,267
Insurance	<b>1,515,470</b>	2,622,575
Vehicle hire and maintenance	<b>2,188,585</b>	2,367,439
Travelling expenses	<b>1,155,935</b>	1,074,536
Contract labour charges	<b>11,017,984</b>	17,577,536
Legal and professional fees	<b>4,319,190</b>	5,366,087
Auditors Remuneration	<b>750,000</b>	
Cash discount	<b>9,340,085</b>	6,573,710
Freight outward	<b>8,090,191</b>	7,570,990
Listing fee	<b>224,720</b>	-
Donations	<b>102,816</b>	131,616
Directors sitting fee	<b>279,600</b>	306,777
Printing and stationery	<b>429,161</b>	629,707
Telephone and other communication expenses	<b>547,348</b>	772,261
Water expenses	<b>4,853,555</b>	7,612,630
Security expenses	<b>3,954,941</b>	3,744,297
Prior Period Expenses	<b>12,818,619</b>	
Miscellaneous expenses	<b>6,742,009</b>	6,596,657
	<b>168,490,430</b>	222,115,442

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### Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

**2.24.** In November 2000, the Company was declared to be a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, (SICA) 1985. Industrial Development Bank of India, which was appointed as the operating agency has sanctioned the Rehabilitation Scheme on 29 May 2008. The scheme among other things envisages the reliefs and the concessions to be provided to the Company by various authorities, sources of finance and the application funds. On 28 June 2010 the Board of Industrial and Financial Reconstruction (BIFR) passed orders relieving the Company from the purview of SICA considering the net worth of the Company.

**2.25.** As at March 31, 2016 the accumulated losses amounted to Rs.79,58,43,558 /- which is more than fifty percent of the peak networth of the company during the four financial years immediately preceding the current financial year. The financial statements have been prepared on a going concern basis based on a Comfort letter received from its promoters for a continued support to the company with all necessary assistances including financial and operations to continue with the operations of the company. Promoters are hopeful that company would be able to generate sufficient profits in the foreseeable future to make it economically viable. Keeping in view the plans for introducing new products and disposal of one of the manufacturing unit located at Biccavolu in Andhra Pradesh.

### 2.26. Capital commitments and contingent liabilities

	As at 31 March 2016	As at 31 March 2015
i. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	<b>1,40,00,000</b>	1,40,00,000
ii. Contingent liabilities		
a. Customs and sales tax *	<b>41,587,220</b>	41,587,220
b. Claim against the Company not acknowledged as debts	<b>23,708,122</b>	23,708,122
c. Excise Duty	<b>6,40,91,974</b>	Nil

\* Amount paid under protest INR 3,700,000

**2.27.** Arrears of dividend on cumulative preference shares including tax on dividends not provided for Rs. 19,08,15,971/- (previous Year Rs. 176,739,491/-).

**2.28. Legal and professional charges includes the statutory auditors' remuneration (excluding service tax) as given below:**

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Audit fees	<b>4,50,000</b>	4,50,000
Other services	<b>3,00,000</b>	3,00,000
Out of pocket expenses		
<b>Net</b>	<b>7,50,000</b>	<b>7,50,000</b>

### 2.29. Income tax expense

*Current tax:* Current tax provision for the year is Rs. Nil (previous year: Rs. Nil)

*Deferred tax:* Deferred tax assets have been recognised only to the extent of deferred tax liability on excess depreciation provided in the books of account over depreciation allowable under the income tax laws since this is virtually certain of realisation. In absence of virtual certainty of realisation, deferred asset on carry forward losses and other timing differences have not been recognised. Accordingly there was no impact on profit and loss account for the year.

## Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Deferred tax liability</b>		
Excess of depreciation provided in accounts over depreciation allowable under income tax law	(5,33,80,473)	(4,98,94,193)
<b>Deferred tax asset</b>		
Business loss under income tax law	5,33,80,473	4,98,94,193
<b>Net</b>	—	—

### 2.30. Earnings per share (EPS)

Basic and diluted number of shares and Earnings per share is set out below:

	For the year ended 31 March 2016	For the year ended 31 March 2015
Net profit for the year	(38,72,72,125)	3,93,21,258
+Less : Preference dividends including tax on dividends	1,40,76,480	2,17,54,624
Net profit for calculation of basic earnings per share	(37,31,95,645)	1,75,66,634
Number of equity shares outstanding at the beginning of the year	5,09,24,990	50,924,990
Add: Equity shares issued during the year	1,08,56,350	—
Total number of equity shares outstanding at the end of the year	6,17,81,340	50,924,990
Weighted average number of equity shares outstanding during the year - (Basic and Diluted) <sup>2</sup>	5,72,57,861	50,924,990
Earnings per share of par value Rs.10 – Basic	-7.01	0.34
Earnings per share of par value Rs.10 – Diluted	-5.01	0.34

The conversion of outstanding Cumulative Redeemable Optionally Convertible Preference Shares into equity, if made would have the effect of increasing/ (reducing) the earning/ (loss) per share and would therefore be anti-dilutive. Hence the preference shares are anti-dilutive and are ignored in the calculation of diluted earnings per share.

### 2.31. Related party transactions

#### A) Related parties

##### Key Management Personnel (KMP) represented on the Board of Directors

- T Sandeep Kumar Reddy, Chairman and promoter director
- C V Rayudu, Whole time director
- T Sarita Reddy, Director, Wife of Chairman and promoter director

##### Enterprises where key management personnel have control or significant influence

- Deep Corporation Private Limited

#### B) Related parties with whom transactions have taken place during the year:

Nature of transaction	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Finance cost</b>		
T Sandeep Kumar Reddy	3,57,806	3,57,809
	<u>3,57,806</u>	<u>3,57,809</u>
<b>Rent paid</b>		
Deep Corporation Private Limited	—	30,98,105
	<u>32,44,401</u>	<u>30,98,105</u>
<b>Sitting Fees</b>		
T Sandeep Kumar Reddy	48,000	72,000
T Sarita Reddy	60,000	90,000
	<u>1,08,000</u>	<u>1,62,000</u>
<b>Managerial remuneration</b>		
C V Rayudu	1,996,800	1,996,800
	<u>1,996,800</u>	<u>1,936,800</u>

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### Notes to the financial statements for the year ended 31 March 2016 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

#### C) Balances payable to related parties are as follows:

Nature of balance	As at 31 March 2016	As at 31 March 2015
<b>Unsecured loans</b>		
T Sandeep Kumar Reddy	15,916,750	1,55,94,723
	<b>15,916,750</b>	<b>1,55,94,723</b>
C.V. Rayudu	1,66,400	1,66,400
	<b>1,66,400</b>	<b>1,66,400</b>

#### 2.32. Segment reporting

The entire operations of the Company relate to only one segment namely, "Maize" Processing and its sales in India" and accordingly there is only one business and geographical segment.

#### 2.33. Leases

The Company has taken office facilities on lease under cancellable and non-cancellable operating lease arrangements. The total rental expenses under cancellable operating lease was INR 32,44,401/- (previous year INR 30,98,105) has been included under "Rent" in the Statement of Profit and Loss. An amount of Rs. Nil (previous year INR Nil) was remitted as non cancellable lease deposit.

The total future minimum lease payments (MLP) under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2016	As at 31 March 2015
Due within one year	3,458,532	2,683,200
Due later than one year and not later than five years	13,834,128	8,720,400
Later than 5 years	—	—
<b>Total</b>	<b>17,292,660</b>	<b>11,403,600</b>

#### 2.34. Employee benefits

##### Defined contribution plan

The company makes contributions, determined as a specified percentage of employee's salaries, in respect of qualifying employees towards provident fund and employee state insurance, which are defined contribution plans. The company has no obligations other than the above to make specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund and employee state insurance aggregated to Rs 49,13,217/- (Previous Year Rs. 63,12,849/-).

##### Defined benefit plans

The company operates two defined benefit plans that provide gratuity benefit and compensated absences benefit. The gratuity plan entitles an employee, who has rendered atleast 5 years of continuous service to receive one-half month's basic salary for each year of completed service at the time of retirement/resignation/ termination of employment.

**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

**Changes in the present value of defined benefit obligation**

<b>Particulars</b>	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
Obligation at beginning of the year	<b>10,090,815</b>	1,41,65,792
Current service cost	<b>8,61,395</b>	7,41,351
Interest cost	<b>8,07,265</b>	11,33,263
Past service cost	—	—
Actuarial (gain)/ loss	<b>9,98,350</b>	(4,550,938)
Benefits paid	—	(13,98,653)
<b>Obligation as at the end of the year</b>	<b>12,757,825</b>	1,00,90,815
Current Portion	<b>1,007,398</b>	7,67,085
Non- Current Portion	<b>11,750,427</b>	93,23,730

**Expense recognised in the Statement of Profit and Loss**

Current service cost	<b>8,61,395</b>	7,41,351
Interest cost	<b>8,07,265</b>	11,33,263
Expected return on plan assets	—	—
Past service cost	—	—
Net actuarial loss/(gain) recognised in the year	<b>9,98,350</b>	(45,50,938)
<b>Amount in "Employee benefits expense"</b>	<b>26,67,010</b>	(26,76,324)

**Amount recognised in balance sheet**

<b>Particulars</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
Present value of funded obligations	<b>1,27,57,825</b>	1,00,90,815	14,165,792	12,914,254	10,531,787
Fair value of plan assets	—	—	—	—	—
<b>Net liability</b>	<b>1,27,57,825</b>	1,00,90,815	14,165,792	12,914,254	10,531,787

**Summary of actuarial assumptions**

<b>Particulars</b>	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
Discount Rate (p.a.)	<b>8.00%</b>	8.00%
Salary escalation rate (p.a.)	<b>5.00%</b>	10.00%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

The Company does not have any plan assets.

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### Notes to the financial statements for the year ended 31 March 2015 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

#### 2.35. Amounts payable to Micro, Small and Medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the aforesaid act is not expected to be material. The Company had received a claim for Rs. 7,987,616 from a small and micro enterprise towards overdue interest. During the earlier years the Company has received a stay order from the High Court of Andhra Pradesh. Hence, no provision towards the interest is made during the current year.

	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	<b>3,654,713</b>	3,654,713
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	<b>Nil</b>	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	<b>Nil</b>	Nil
The amount of interest accrued and remaining unpaid at the end of the year	<b>617,169</b>	617,169
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	<b>Nil</b>	Nil

**Notes to the financial statements for the year ended 31 March 2015 (Continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

**2.36 Particulars of sales and Closing Stock**

**(A) For the year ended 31 March 2016**

Particulars	Sales for the year ended 31 March 2016	Closing stock as on 31 March 2016	Closing stock as on 31 March 2015
Starch	51,03,10,839	2,92,55,559	1,08,74,740
Sorbitol	19,83,55,889	22,29,971	19,73,604
By-products	25,26,30,210	13,22,182	39,67,385
Trading	46,70,82,515	—	2,67,54,000
<b>Total</b>	<b>1,42,83,79,453</b>	<b>3,28,07,712</b>	<b>4,35,69,729</b>

**(B) For the year ended 31 March 2015**

Particulars	Sales for the year ended 31 March 2015	Closing stock as on 31 March 2015	Closing stock as on 31 March 2014
Starch	1,08,54,15,835	1,08,74,740	58,52,834
Sorbitol	32,40,78,282	19,73,604	13,14,983
By-products	32,59,09,367	39,67,385	19,82,130
Trading	92,18,66,389	2,67,54,000	2,67,54,000
<b>Total</b>	<b>2,65,72,69,873</b>	<b>4,35,69,729</b>	<b>3,59,03,947</b>

**2.37. Work in progress**

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Starch	1,02,431	3,44,478
Sorbitol	58,63,961	41,60,334
By-products	11,68,263	4,53,184
<b>Total</b>	<b>71,34,655</b>	<b>49,57,996</b>

**2.38. Consumption of Raw materials**

Particulars	For the year ended 31 March 2016	%	For the year ended 31 March 2015	%
<i>Indigenous</i>				
- Maize	1,28,75,90,758	93.35	1,93,51,69,828	92.38
- Chemicals	1,78,25,327	1.29	3,54,64,834	0.02
- Others	7,39,65,035	5.36	12,40,99,308	7.60
<b>Total</b>	<b>1,37,93,81,120</b>	<b>100.00</b>	<b>2,09,47,33,970</b>	<b>100.00</b>

**2.39. Consumption of stores and spares**

Particulars	For the year ended 31 March 2016	%	For the year ended 31 March 2015	%
Imported	—	—	—	—
Indigenous	1,44,18,360	100.00	2,59,91,181	100.00
<b>Total</b>	<b>1,44,18,360</b>	<b>100.00</b>	<b>2,59,91,181</b>	<b>100.00</b>

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### Notes to the financial statements for the year ended 31 March 2015 (Continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

#### 2.40. CIF value of imports

There are no imports made during the current year and previous year.

#### 2.41. Expenditure in foreign currency

There are no expenditure in foreign currency in current year and previous year.

#### 2.42. Earnings in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Exports on FOB basis	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

#### 2.43. Unhedged Foreign Currency Exposure

Nil

2.44. Previous year figures have been regrouped/ reclassified wherever necessary, to conform to the current classification.

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As per our report of even date attached

for **M. Bhaskara Rao & Co**

Chartered Accountants

**D. Babu Raghavendra**

Partner

Membership No. : 213274

Place : Hyderabad

Date: 30<sup>th</sup> May, 2016

for **Gayatri BioOrganics Limited**

**T. Sandeep Kumar Reddy**

Chairman

**C.V. Rayudu**

Whole Time Director



## GAYATRI BIOORGANICS LIMITED

# 6-3-1090, B - Block, 3rd Floor, TSR Towers, Rajbhavan Road, Somjiguda, Hyderabad – 500 082.  
Ph: 66100111/66100222, Fax: 66100333, E-mail: info@gayatribioorganics.com  
**CIN: L24110TG1991PLC013512**

### PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

Name of the member (s): Registered address:		Email Id: Folio No./ Client Id No.: DP Id No.:	
1. Name: Address: E-Mail Id: Signature: or failing him	2. Name: Address: E-Mail Id: Signature: or failing him	3. Name: Address: E-Mail Id: Signature:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25<sup>th</sup> Annual general meeting of the company, to be held on Wednesday the 28<sup>th</sup> day of September, 2016 at 4.30 P.M. at the “KLN Prasad Auditorium”, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad – 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Resolutions
1.	Adoption of Audited Financial Statements for the Financial Year 2015-16
2.	Re-appointment of Sri. T. Sandeep Kumar Reddy (DIN: 00005573) as the Director who retires by rotation
3.	Ratification of the appointment of the Statutory Auditors of the Company and fix their remuneration.
4.	Ratification of remuneration of the Cost Auditors of the Company for the year 2016-17
5.	Alteration Of Memorandum Of Association Of The Company
6.	Conversion Of Existing 20,00,000 6% Cumulative Redeemable Optionally Convertible Preference Shares Into Equity Shares
7.	Issue Of Equity Shares By Way of Conversion of Part of Unsecured Loan
8.	Report of Board of Directors of the Company to the shareholders on the erosion of more than 50% of the Net Worth of the Company

Signed this..... day of..... 2016.

Signature of shareholder:

Signature of Proxy holder(s):

Affix  
Re. 1/-  
revenue  
stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## 24th Annual Report 2014-2015

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### GAYATRI BIOORGANICS LIMITED

# 6-3-1090, B - Block, 3rd Floor, TSR Towers, Rajbhavan Road, Somjiguda, Hyderabad – 500 082.  
Ph: 66100111/66100222, Fax: 66100333, E-mail: info@gayatribioorganics.com

CIN: L24110TG1991PLC013512

#### ATTENDANCE SLIP

SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Regd Folio No:

No. of Shares held

SHAREHOLDER'S NAME: Mr /Mrs/Miss.....  
(In Block Capitals)

IN CASE OF PROXY

NAME OF THE PROXY : Mr/ Mrs/Miss.....

I Certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company to be held **on Wednesday, the 28<sup>th</sup> September, 2016 at 4.30 P.M. at the "KLN Prasad Auditorium", The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, Hyderabad – 500 004.**


Member's / Proxy's Signature

- Notes:
1. Please bring this Attendance Slip when you are attending the Meeting.
  2. Please do not bring with you any person who is not a member of the Company
-

## TSR Towers to FTAPCII, Hyderabad, Telangana

Drive 3.1 km, 12 min



 via Raj Bhavan Rd and NH 9 12 min  
9 min without traffic · 3.1 km

### Details

 via Raj Bhavan Rd 14 min

 Hyderabad Decan Local >  16 min

*If undelivered, please return to:*

**Gayatri BioOrganics Limited**

***(Formerly Gayatri Starchkem Limited)***

6-3-1090, B - Block,  
3rd Floor, TSR Towers,  
Rajbhavan Road, Somajiguda,  
Hyderabad – 500 082.

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