



## **Gayatri BioOrganics Limited**

*(Formerly Gayatri Starchkem Limited)*

CIN: L24110TG1991PLC013512

**23rd Annual Report 2013 - 14**

## **23<sup>rd</sup> Annual General Meeting**

**Day** : **Tuesday**

**Date** : **30<sup>th</sup> September 2014**

**Time** : **9.30 A.M.**

**Venue** : “KLN PRASAD AUDITORIUM”,  
FAPCCI Building, Federation House,  
11-6-841, Red Hills, Hyderabad – 500 004

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**COMPANY INFORMATION**

CIN: L24110TG1991PLC013512

**BOARD OF DIRECTORS**

<b>Sri T. Sandeep Kumar Reddy</b>	<i>Chairman</i>
<b>Sri C.V. Rayudu</b>	<i>Whole Time Director</i>
<b>Sri T.G. Pandya</b>	<i>Director</i>
<b>Sri J. N. Karamchetti</b>	<i>Director</i>
<b>Smt T. Sarita Reddy</b>	<i>Director</i>
<b>Sri. T. R. Rajagopalan</b>	<i>Director</i>

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**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:** K.K.RAO & ASSOCIATES,  
Cost Accountants,  
2-B, SAMRAT RESIDENTIAL COMPLEX,  
#5-9-12, SAIFABAD, OPP: A.G'S OFFICE,  
Hyderabad -500004.

**REGISTERED OFFICE&  
INVESTOR RELATION DEPT.,** #6-3-1090, B-Block, 3<sup>rd</sup> floor, TSR Towers,  
Rajbhavan Road, Somjiguda,  
Hyderabad – 500 082.  
Ph: 66100111, Fax: 66100333  
E-mail: info@gayatribioorganics.com

**FACTORY:**

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

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# 23rd Annual Report 2013-2014

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## NOTICE

**NOTICE** is hereby given that the **23<sup>rd</sup> Annual General Meeting** of the members of Gayatri BioOrganics Limited will be held at the "KLN PRASAD AUDITORIUM", FAPCCI Building, Federation House, 11-6-841, Red Hills, Hyderabad-500 004 on Tuesday, 30<sup>th</sup> day of September, 2014 at 9.30 A.M to transact the following business:

### ORDINARY BUSINESS:

1. To receive consider, approve and adopt the Audited Balance Sheet of the company as at 31<sup>st</sup> March, 2014 and the Profit and Loss account for the year ended on that date 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 appoint a Director in place of Smt. T. Sarita Reddy (DIN: 00017122), who retires by rotation and being eligible, offers herself for re-appointment.
4. To re- appoint the Statutory Auditors of the Company and fix their remuneration by passing the following resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and in pursuance to the recommendations of the Audit Committee, M/s. M. Bhaskara Rao & Co., Chartered Accountants, with Firm Registration No.000459S be and are hereby re-appointed as Statutory Auditors of the Company for a term of 5 (five) consecutive years i.e. from the conclusion of this Annual General Meeting to the conclusion of the 28<sup>th</sup> Annual General Meeting (subject to ratification of their appointment at every AGM) on such a remuneration as may be decided by the Board of Directors."

### SPECIAL BUSINESS:

5. To consider and approve the re-appointment of Sri. C.V. Rayudu (DIN: 03536579) as Whole Time Director of the Company.

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

**"RESOLVED THAT** pursuant to the provisions of Sec. 196, 197 and 203 read with Schedule V and the rules made there under and any other applicable provisions if any of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded for the re-appointment of Sri C. V. Rayudu (DIN: 03536579) as the Whole Time Director of the Company for a term of 3 (three) years w.e.f. 28<sup>th</sup> May, 2014 subject to the approval of the Central Government at a remuneration of Rs. 1,55,000 per month in addition to the Contribution to Provident Fund and Gratuity payable as per Service Rules of the Company as approved by the Remuneration Committee which shall also be the minimum remuneration payable in the event of loss or any inadequacy of profits in any particular financial year during his tenure."

6. To consider and approve the appointment of Sri. T. G. Pandya (DIN: 00017214) as an Independent Director of the Company

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Sri T. G. Pandya (DIN: 00017214), who was appointed as a Director liable to retire by

rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years up to the conclusion of the 28<sup>th</sup> Annual General Meeting, not liable to retire by rotation at such a remuneration as decided by the Board.”

7. To consider and approve the appointment of Sri. T. R. Rajagopalan (DIN: 00020643) as an Independent Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Sri T. R. Rajagopalan (DIN: 00020643), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years up to the conclusion of the 28<sup>th</sup> Annual General Meeting, not liable to retire by rotation at such a remuneration as decided by the Board.”

8. To consider and approve the appointment of Sri. J. N. Karamchetti (DIN: 00940963) as an Independent Director of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Sri J. N. Karamchetti (DIN: 00940963), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years up to the conclusion of the 28<sup>th</sup> Annual General Meeting, not liable to retire by rotation at such a remuneration as decided by the Board.”

9. To approve the remuneration payable to the cost auditors of the company for the Financial Year 2014-15.

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 be and is here by accorded to pay a remuneration of Rs. 60,000/- per annum plus out of pocket expenses to M/s. K.K. Rao & Associates, Cost Accountants, the Cost Auditor of the Company for conducting the audit of the cost records of the Company for the financial year 2014-15.”

**By Order of the Board**

Place: Hyderabad  
Date: 14.08.2014

**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, the 27<sup>th</sup> day of September, 2014 to Tuesday, the 30<sup>th</sup> of September, 2014 (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 2013-14 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the 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 2013-14, 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 got 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 amended Clause 35B of the Listing Agreement requires a listed Company to provide E-Voting facility to its shareholders, in respect of all shareholders' resolutions to be passed at General Meetings. The Company is pleased to offer 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 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. Karra SVS Sastry, Practicing Company Secretary (Membership No. A18995) 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 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 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 e-voting will be allowed to vote at AGM through polling. The members who have once casted e-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, 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 Clause 49 of the Listing Agreement, brief profiles of Directors including those proposed to be appointed or re-appointed is annexed to this notice.

**By Order of the Board**

Place: Hyderabad  
Date: 14.08.2014

**T. Sandeep Kumar Reddy**  
Chairman

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

#### ITEM NO. 5:

The Board of Directors has re-appointed Sri. C. V. Rayudu as a Whole Time Director of the Company in the meeting held on 28<sup>th</sup> May, 2014 for a term of 3 (three) years subject to the approval of the members and Central Government.

The resolution seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the re-appointment of Sri C.V. Rayudu as a Whole Time Director for a period of 3 (three) years commencing from 28<sup>th</sup> May, 2014.

It is proposed that the re-appointment of Sri. C. V. Rayudu will be liable to retire by rotation. He does not hold any equity shares of the Company.

Sri. C. V. Rayudu is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

As per Schedule V of the Companies Act, 2013, Central Government approval is also required for the said re-appointment which will be obtained by our Company after passing the aforesaid resolution by the members.

Save and except Sri. C. V. Rayudu and his 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 any way, concerned or interested, financially or otherwise, in this resolution.

### INFORMATION PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013

#### I. General Information:

**(1) Nature of industry:** Our Company, Gayatri BioOrganics, previously called Gayatri Starchkem Limited, is engaged in manufacturing units of Starch, Modified Starches, Sorbitol, and its allied products in south India with a wide distribution network across the country.

**(2) Date of commencement of commercial production:** The Company has commenced its business from 1994.

**(3) Financial performance:**

(As per the latest audited accounts on 31<sup>st</sup> March, 2014)

	Rs. in Lakhs
Profit/ (Loss) before tax	135.35
Less: Current Tax	-
Profit/ (Loss) after Tax	135.35

#### II. Information about the appointee:

**(1) Background details:**

Name	: Chintalapudi Venkata Rayudu
Father's Name	: Veerabhadra Rao Chintalapudi
Date of Birth	: 02/07/1959
Educational Qualification	: PG in MPM, B.Com, B.L



**(2) Past remuneration:**

The details of remuneration paid to Sri C. V. Rayudu as approved by the Remuneration Committee at the time of initial appointment is as follows:

Monthly remuneration: Rs. 1,50,000

Perquisites:

- a. Contribution to Provident Fund as per Service Rules of the Company
- b. Reimbursement of Medical Expenditure for an amount of Rs.15,000/- per annum
- c. Leave Travel Allowance for an amount of Rs.25,000/- per annum
- d. Gratuity payable shall not exceed half a month's salary for each completed year of service."

**(3) Recognition or Awards:**

Sri C.V. Rayudu before appointing as Whole Time Director served the Company as Vice President (Operations).

**(4) Job profile:**

Sri C. V. Rayudu is having around 29 years of rich experience in various Starch and Other Industries. As on the date of his earlier appointment as Whole Time Director of the Company, he was holding the position of Vice President (Operations) and in charge of the whole operations of the Company.

He is associated with our Company for the past 15 years and instrumental in bringing out the company from BIFR and also in improving the financial performance of the Company.

**(5) Remuneration proposed:**

The remuneration proposed to be paid as approved by the Remuneration Committee is as follows:

Monthly Remuneration: Rs. 1,55,000 and other perquisites, contribution to Provident Fund and Gratuity payable will be as per the service rules of the Company.

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

The Board felt that the remuneration proposed is on lower side while considering the industry standards and his experience.

**(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel:**

Sri C. V. Rayudu does not have any pecuniary relationship with the Company or any relationship with the managerial personnel either directly or indirectly.

**ITEM NO. 6, 7 & 8:**

The proposed Directors are the Independent Directors of the Company liable to retire by rotation under the erstwhile Companies Act, 1956.

In terms of Section 149 of the Companies Act, 2013, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

Pursuant to the provisions of Sec. 160 and the rules made there under, the Company has received a notice in writing from the members of the Company depositing the requisite amount proposing their candidatures for the office of Directors.

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In pursuance of Sec. 152, the proposed appointment requires the approval of the Shareholders of the Company and your Directors recommend the resolutions for your approval.

The proposed Directors declared their independency as per the provisions of Sec. 149 in the first Board meeting held on 28<sup>th</sup> May, 2014.

They are not disqualified from being appointed as a Directors in terms of Section 164 of the Companies Act, 2013 and also have given their consent to act as a Director. They do not hold any Equity Shares of the Company. They are independent of the management of the Company.

Save and except the above 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 any way, concerned or interested, financially or otherwise in this resolution.

### **ITEM NO. 9:**

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 re-appointment of M/s. K.K. Rao & Associates, Cost Accountants, as the Cost Auditor of the Company to conduct Cost Audit for the financial year 2014- 15, at a remuneration of Rs. 60,000/- per annum plus out-of-pocket expenses.

M/s. K.K. Rao & Associates, 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 (Cost Records and Audit) Rules, 2014, 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. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15.

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 for your approval.

### **BRIEF PROFILE OF DIRECTORS**

#### **Sri T. Sandeep Kumar Reddy**

Sri. 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.

#### **Smt. T. Sarita Reddy**

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

#### **Sri C. V. Rayudu**

Sri C. V. Rayudu is a Post Graduate in MPM and has done B.Com and B. L. He is having around 29 years of rich experience in various Starch and Other Industries. As on the date of his earlier appointment as Whole Time Director of the Company, he was holding the position of Vice President (Operations) and in charge of the whole operations of the Company.

He is associated with our Company for the past 15 years and instrumental in bringing out the company from BIFR and also in improving the financial performance of the Company.

## **BRIEF PROFILE OF INDEPENDENT DIRECTORS PURSUANT TO SCHEDULE IV OF THE COMPANIES ACT, 2013**

### **Sri T.G. Pandya**

Sri 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.

### **Sri J.N. Karamchetti**

Sri 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.

### **Sri T.R. Rajagopalan**

Sri T.R. Rajagopalan is a MA, MSc, CAIIB. He is a Retired GM State Bank of India and has experience of 39 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.

**By Order of the Board**

Place: Hyderabad  
Date: 14.08.2014

**T. Sandeep Kumar Reddy**  
Chairman

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### ELECTRONIC VOTING PARTICULARS

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 23<sup>rd</sup> Annual General Meeting to be held on Tuesday, 30<sup>th</sup> September 2014, at 9.30 A. 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://www.evotingindia.com>

The period of E-voting is set out below:

Commencement of e-Voting	End of e-Voting
24 <sup>th</sup> September, 2014	26 <sup>th</sup> September, 2014

These details and instructions form an integral part of the notice for the Annual General meeting to be held on Tuesday, 30<sup>th</sup> day of September, 2014.

### 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 voting rights of the shareholders shall be in proportion to the shares held by them, of the paid-up equity share capital of the company as on the cut-off date of 22<sup>nd</sup> August, 2014. The e-voting module shall be disabled by CDSL for voting thereafter.

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

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.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:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <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#	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.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>◆ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (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.

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- (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 Gayatri BioOrganics 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 Wednesday, 24th September, 2014 10.00 a.m. and ends on Friday 26th September, 2014, 6.00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, 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).

## **DIRECTORS' REPORT**

To  
The Members of  
Gayatri BioOrganics Limited

Your Directors present the Twenty Third Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31<sup>st</sup> March, 2014.

### **FINANCIAL RESULTS**

	(Rs. in lakhs)	
	<b>31.03.2014</b>	31.03.2013
Net Sale Income from Operations	<b>21,374.81</b>	15,120.60
Other Operating Income	<b>101.19</b>	72.41
Income from operations	<b>21,476.00</b>	15,193.01
Other Income	<b>30.41</b>	11.88
Total Income	<b>21,506.41</b>	15,204.89
Total Expenditure	<b>20,188.53</b>	13,973.13
Finance Charges	<b>757.50</b>	747.60
Depreciation	<b>425.03</b>	394.57
Provision for Taxation	—	—
Net Profit / (Loss)	<b>135.35</b>	89.59

### **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 67,409 MTs maize as against 71,935 MTs maize during the previous year. The management is also trying to achieve optimum level of crushing of installed Capacity of both Units of the Company.

#### **SORBITOL DIVISION**

The Company has present crushing capacity of Sorbitol at 17000 TPA and produced 8,236 MTs of Sorbitol during the Financial Year ended 31<sup>st</sup> March, 2014. The Company also trying to achieve optimum level of installed capacity of the Sorbitol Plant.

The Company recorded net profit of Rs. 135.35 Lakhs as against a net profit of Rs. 89.59 Lakhs and the management is hoping that performance of the Company will improve further in the years to come.

#### **EXPORTS**

The Company made exports of Starch amounting to Rs. 4,42,67,160/- during the year and the company is foreseeing good opportunities in export market for the years to come.

#### **OUTLOOK FOR THE FINANCIAL YEAR 2014-15**

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 of both the units. However, the availability of maize crop, power and working Capital will be the key factors for achieving the targeted results of the Company.

# 23rd Annual Report 2013-2014

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### a. **Business Environment**

In FY 2013-14 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 2013-14 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 throughout 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 times 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 operation 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.

### 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 has designed an effective 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

## **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**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.
- (b) The Company has paid Listing fees for the year 2014-15 to BSE Limited.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 2013 Sri. T. Sandeep Kumar Reddy and Smt. T. Sarita Reddy, who retires by rotation in this Annual General Meeting and being eligible offers themselves for reappointment.

Sri C. V. Rayudu, Whole Time Director has been re-appointed by the Board w.e.f. 28<sup>th</sup> May, 2014 subject to the approval of members and the Central Government.

Sri. T.G. Pandya, Sri. T. R. Rajagopalan and Sri. J. N. Karamchetti, Independent Directors are being appointed for a term of 5(five) consecutive years as per provisions of Sec.149 of the Companies Act, 2013 and the rules made there under.

Sri. P. Maruthi Babu, Director on the Board has resigned from the office of the Director w.e.f. 14<sup>th</sup> August, 2014. The Board has approved his resignation and appreciated his services during his tenure as Director of the Company

## **APPOINTMENT OF AUDITORS**

The Members are requested to consider the re-appointment of M/s. M. Bhaskara Rao & Co, (Reg. No. 00459S) Chartered Accountants, 5-D, Fifth Floor, 6-3-652, Kautilya Apartment, Raj Bhavan Quarters Colony, Somajiguda, Hyderabad, Telangana 500082 as Statutory Auditors for a term of 5 (Five) consecutive years i.e. till the conclusion of the 28<sup>th</sup> AGM as per the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder.

## **COST AUDITORS**

The Cost Auditors M/s. K.K. Rao & Associates, Cost Accountants, Hyderabad has submitted the Cost Audit Report for the Financial Year ended 31<sup>st</sup> March, 2014 to the Board and the said report should be filed with the Central Government on or before 30<sup>th</sup> September, 2014.

The Board has reappointed M/s. K.K. Rao & Associates, Cost Accountants as the Cost Auditor to carry out the Cost Audit of the Company for the financial year 2014-15.

## **PARTICULARS OF EMPLOYEES**

There are no employees drawing remuneration exceeding the limits as specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended time to time.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information required under Section 217 (1) (e) of the Companies Act 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgo is appended hereto and forms part of this report as **Annexure – A**.

## 23rd Annual Report 2013-2014

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### REPLY TO ADVERSE REMARKS OF AUDITORS' REPORT

With regard to qualified opinion on trade receivables which includes certain trade receivables amounting to Rs. 3,11,63,794/- 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. 9 (a) of Annexure to Auditors' Report, with regard to irregularity and serious delays in remitting the Provident fund, Employees State Insurance, Service Tax, Income Tax, Customs Duty Excise duty, Sales tax and other material statutory dues were due to working capital constraints.

Point No. 11 of Annexure to Auditors' Report, on default/delays in payment of dues to bankers and financial institution are also owing to working capital constraints. However, there are no overdues to banks and Financial Institutions as on date.

### CORPORATE GOVERNANCE

Your Company is fully committed to the philosophy of transparency and believes in conducting its business with due compliance of all the applicable laws, rules and regulations. Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance along with Practicing Company Secretary Certificate on its compliance, a certificate of the Chairman regarding adoption of Code of Conduct and Certificate by the Whole Time Director and CFO in respect of financial reporting is given in the **Annexure - B, Annexure- C, Annexure-D** and **Annexure - E** respectively which forms part of this report.

### DIRECTORS' RESPONSIBILITY STATEMENT

According to Section 217 (2AA) of the Companies Act, 1956 your directors state:

- (i) that in the preparation of Annual Accounts for the year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with the proper explanation relating to material departures:
- (ii) that 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 a 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, 2014 and of the profit and loss of the company for that period:
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (iv) that the directors have prepared the annual accounts on a going concern basis.

### PUBLIC DEPOSITS

The Company has not accepted any deposits as per Section 58A of the Companies Act, 1956 during the year under review.

### 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: 14.08.2014

**T. Sandeep Kumar Reddy**  
Chairman

## ANNEXURE – ‘A’ TO DIRECTORS’ REPORT

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under the **Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988** and forming part of the report of Board of Directors for the year ended 31<sup>st</sup> March 2014.

**FORM – “A”  
PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS  
IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998**

### A. CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	Current Year 2013-14	Previous Year 2012-13
<b>1. Electricity</b>		
a) Purchased Unit(kWh)	<b>14,349,938</b>	14,290,033
Total Cost (Rs. In lakhs)	<b>1,131.47</b>	856.15
Rate/Unit Rs.	<b>7.88</b>	5.99
<b>b) Own Generation</b>		
i. Through Diesel Generator:		
Generated Units(kWh)	<b>148,878</b>	540,716
Units per Ltr. Of Diesel Oil (kWh)	<b>2.74</b>	3.18
Cost/Unit (Rs/kWh)	<b>20.88</b>	14.97
<b>2. HUSK</b>		
Quantity ( MTs)	<b>22,813.31</b>	23,548.85
Total cost (in Rs.in Lakhs)	<b>762.85</b>	525.86
Average cost per Ltr (Rs)	<b>3.34</b>	2.23
<b>3. DIESEL OIL</b>		
Quantity (K.ltrs)	<b>106.52</b>	178.69
Total amount (Rs. In Lakhs)	<b>60.88</b>	84.99
Average cost per Ltr (Rs)	<b>57.16</b>	47.56

**FORM – “B”**

### PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

<b>A. RESEARCH AND DEVELOPMENT (R&amp;D)</b>	:	NIL
<b>B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION</b>	:	NIL
<b>C. FOREIGN EXCHANGE EARNINGS AND OUTGO:</b>		
1. FOREIGN EXCHANGE EARNINGS (FOB)	:	<b>Rs. 4,42,67,160</b>
2. FOREIGN EXCHANGE OUTGO (CIF)	:	Nil

**By Order of the Board**

Place: Hyderabad  
Date: 14.08.2014

**T. Sandeep Kumar Reddy**  
Chairman

## 23rd Annual Report 2013-2014

### ANNEXURE – ‘B’ TO DIRECTORS REPORT

#### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-14

(As per Clause 49 of the listing Agreement entered into with the Stock Exchanges)

##### 1. Corporate Governance Philosophy

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 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

###### (a) Composition:

The Board of Directors consists of Seven Directors as follows:

###### Board of Directors

Sri T. Sandeep Kumar Reddy

*Chairman & Promoter Director*

Sri C.V. Rayudu

*Whole Time Director*

\*Sri P. Maruthi Babu

*Independent Director*

Sri T.G.Pandya

*Non Executive & Independent Director*

Sri J. N. Karamchetti

*Non Executive & Independent Director*

Smt. T. Sarita Reddy

*Non Executive & Promoter Director*

Sri T.R. Rajagopalan

*Non Executive & Independent Director*

*\*(Resigned w. e. f 14.08.2014)*

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 27<sup>th</sup> September 2013.

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	No	14	24
Sri T.G.Pandya	Non -Executive & Independent Director	4	Yes	NIL	NIL
Sri. P. Maruthi Babu	Non-Executive & Independent Director	4	Yes	3	3
Sri J.N. Karamchetti	Non-Executive & Independent Director	4	No	NIL	NIL
Smt. T. Sarita Reddy	Non Executive & Promoter Director	4	No	4	17
Sri. T.R. Rajgopalan	Non-Executive & Independent Director	4	Yes	1	2
Sri. C.V. Rayudu	Whole Time Director.	4	Yes	NIL	NIL

**(b) Board Meetings held during the year 2013-14:**

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 2013-14 the Board Meeting was held Four times as follows:

S. No	Date of Board Meeting
1.	28 <sup>th</sup> May, 2013
2.	14 <sup>th</sup> August, 2013
3.	13 <sup>th</sup> November, 2013
4.	14 <sup>th</sup> February, 2014

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

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

Sri. T. Sandeep Kumar Reddy and Smt. T. Sarita Reddy, retires by rotation in this Annual General Meeting and being eligible offers themselves for reappointment.

Sri C. V. Rayudu, Whole Time Director has been re-appointed by the Board w.e.f. 28<sup>th</sup> May, 2014 subject to the approval of members and the Central Government.

Sri. T.G. Pandya, Sri. T. R. Rajgopalan and Sri. J.N. Karamchetti, Independent Directors are being appointed for a term of 5(five) consecutive years as per provisions of Sec.149 of the Companies Act, 2013 and the rules made there under.

Sri. P. Maruthi Babu, Director on the Board has resigned from the office of the Director w.e.f. 14<sup>th</sup> August, 2014. The Board has approved his resignation and appreciated his services during his tenure as Director of the Company

**3. Audit Committee**

The Audit Committee of the Company has been re-constituted by the Board of Directors in their meeting held on 14<sup>th</sup> August, 2014 with the following Directors:

S.No.	Name of the Director	Category	Designation
1.	Sri T.R. Rajagopalan	Non-Promoter Non Executive Independent Director	Chairman
2.	Sri .T. G.Pandya	Non-Promoter Non Executive Independent Director	Member
3.	Smt. T. Sarita Reddy	Non Executive- Promoter Director	Member

The Constitution of Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee are as defined under listing agreement and Section 177 of the Companies Act, 2013 and as under the code of Corporate Governance and include reviewing of internal Audit Reports, discussing with Statutory Auditors on their observations with regard to the books of Account, review of internal control measures etc.

The Audit Committee meetings were held 4 (four) times during the financial year 2013-14 and all the then members of the Committee have attended all the meetings held in the following dates:

S. No.	Date of Meeting
1.	28 <sup>th</sup> May, 2013
2.	14 <sup>th</sup> August, 2013
3.	13 <sup>th</sup> November, 2013
4.	14 <sup>th</sup> February, 2014

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### 4. Nomination and Remuneration Committee

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

The Committee was renamed as the Nomination and Remuneration Committee by the Board in the meeting held on 28<sup>th</sup> May, 2014 as per the provisions of Section 178 of the Companies Act, 2013 and the rules made there under.

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending such meetings of the Board or Committees thereof. Remuneration of the Executive Directors is recommended by the Remuneration Committee to the Board and approved by the shareholders. The Company is paying sitting fees to all the non executive directors of the Company towards the board meetings attended by them.

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

In order to meet the requirements of Sec. 178 of the Companies Act, 2013 read with the rules made thereunder, the Committee has been reconstituted by the following Non-Executive Independent Directors by the Board of Directors in their meeting held on 14<sup>th</sup> August, 2014.

No Nomination and Remuneration Committee Meeting was held during the Financial Year 2013-14. However, the Committee met on 28<sup>th</sup> May, 2014 to approve the remuneration payable to Sri C.V. Rayudu as Whole Time Director of the Company.

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. Rajagopalan	Non-Promoter Non Executive Independent Director	Member

#### iii. Details of Remuneration to all the Directors:

- a) The aggregate of salary & perquisites paid for the year 2013-14 to the executive director is as under:

Sri C.V. Rayudu, Whole Time Director: Rs. 19,36,800/-

- b) The Aggregate of the sitting fees paid to the Non-Executive Directors is as under :

T. Sandeep Kumar Reddy	: Rs. 48,000/-
T.G. Pandya	: Rs. 60,000/-
P. Maruthi Babu	: Rs. 60,000/-
J.N. Karamchetti	: Rs. 48,000/-
T. Sarita Reddy	: Rs. 60,000/-
T.R. Rajagopalan	: Rs. 60,000/-

### 5. Stakeholders Relationship Committee

The name of Committee has been renamed as Stakeholders Relationship Committee. The Committee has been reconstituted by the Board in its meeting held on 14<sup>th</sup> August, 2014 as per Sec. 178 of the Companies Act, 2013 and the rules made thereunder.

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

The Committee is looking after the matters of transfer and transmission of shares and issue of duplicate share certificates and also considers and resolves the grievances of security holders of the company. The Committee has been meeting at regular intervals.

**6. Whistle Blower Policy:**

In pursuance of the provisions of the section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and amended clause 49 of the listing agreement, the Board has established a vigil mechanism and adopted the Whistle Blower Policy for Directors, employees to enable them to report their concerns about unethical behavior, actual or suspected fraud, malpractices, or violation of the Company's code of conduct without any fear.

The Audit Committee of the Company will oversee the Vigil Mechanism/ Whistle Blower Policy in the Company.

**7. (i) Annual General Meetings**

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

<b>Year</b>	<b>Venue</b>	<b>Day and Date</b>	<b>Time</b>
2012-13	KLN PRASAD AUDITORIUM FAPCCI Building, Federation House, Red HillsHyderabad – 500 004	Friday, 27 <sup>th</sup> September, 2013	10.00 A.M
2011-12	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red HillsHyderabad – 500 004	Thursday, 20 <sup>th</sup> September, 2012	04.30 P.M
2010-11	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red HillsHyderabad – 500 004.	Tuesday, 27 <sup>th</sup> September, 2011	03.00 P.M.

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

<b>AGM Date</b>	<b>Description of Item</b>
27th September, 2011	Appointment of Sri C.V. Rayudu as the Whole Time Director for a period of 3 (three) years w. e. f. 28th May, 2011.

During the last three years, no Extra-ordinary General Meeting was conducted.

**8. Postal Ballot**

During the year, the Company has successfully completed postal ballot in order to seek the approval of its members for the purpose of Borrowing Powers in excess of paid-up capital and free reserves U/Section 180 (1)(c) and also for creating mortgage/charge on the assets of the Company U/Section 180 (1) (a).

Mr. Karra SVS Sastry, Practicing Company Secretary was appointed as scrutinizer to conduct the said Postal Ballot process in a fair and transparent manner. The said process was completed on 2<sup>nd</sup> April, 2014 wherein both the resolutions were proposed and passed as Special Resolutions. The result was announced on 2<sup>nd</sup> April, 2014. The summary of voting Pattern as extracted from the Report of the Scrutinizer is hereunder:

## 23rd Annual Report 2013-2014

Item	No. of postal ballot forms received	No. of invalid postal ballot forms	No. of valid postal ballot forms	Total No. of Votes cast	In Favour of the resolutions		Against the resolution	
					No. of Votes	% of total No. of votes	No. of votes	% of total No. of votes
Borrowing Powers in excess of paid-up capital and free reserves as per Section 180 (1) (c)	80	3	77	26046239	26044012	99.99	2227	0.01
Creating mortgage/ charge on the assets of the Company as per Section 180 (1) (a)	80	5	75	26046039	26043512	99.99	2527	0.01

### 9. Disclosures

#### a) 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 were published in One English and One Telugu News Paper which is circulated at the place Registered Office of the Company is situated.

#### b) Management's Discussion and Analysis Report

The Management's Discussion and Analysis Report forms part of Annual Report and Covered in the Directors' Report.

#### c) Disclosures on materially significant related party transactions:

The necessary disclosures regarding the transaction with related parties are given in the Notes to the Accounts.

#### d) Risk Management

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

#### e) Compliance Certificate

Certificate from a Practicing Company Secretary has been obtained on the compliance of the conditions of Corporate Governance in terms of Clause 49 of the Listing Agreement of the Stock Exchanges and the same is annexed as **Annexure - C**. Declaration by Chairman of the Company on Code of Conduct is annexed as **Annexure - D**.

#### f) General Shareholder's information

- i) Corporate Identity Number: The CIN allotted by the Ministry of Corporate Affairs (MCA), Government of India is L24110TG1991PLC013512 and the Company Registration number is 013512.



**ii) Annual General Meeting**

Day : Tuesday  
Date : 30<sup>th</sup> September, 2014  
Time : 09.30 A. M  
Venue : KLN Prasad Auditorium  
"FAPCCI" Building, Federation House,  
H.No: 11-6-841, Red Hills,  
Hyderabad – 500 004.

**iii) Financial Calendar**

Annual General Meeting 30<sup>th</sup> September, 2014  
Unaudited results for the  
- Quarter ending 30<sup>th</sup> June, 2014 August, 2014  
- Quarter ending 30<sup>th</sup> September, 2014 November, 2014  
- Quarter ending 31<sup>st</sup> December, 2014 February, 2015

**iv) Date of Book closure**

The Share Transfer Books of the Company shall remain closed **from Saturday, 27<sup>th</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014 (both days inclusive)** for the purpose of ensuing Annual General Meeting.

**v) Dividend**

No dividend was recommended during the year.

**vi) Listing on Stock Exchanges:**

The Company's shares are listed at BSE Limited, 1<sup>st</sup> Floor, New Trading Ring, Phiroze Jeejebhay Towers, Dalal Street, Mumbai.

**vii) Registrar and Transfer Agent**

The Company has appointed M/s Venture Capital Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad 500018 as Registrar and Transfer Agent for both physical and Demat shares of the company. Shareholders are requested to send their shares for transfer or for Demat either to the company or RTA.

**viii) Dematerialization of Shares and liquidity**

ISIN No : **INE 052E01015.**  
Scrip Code : **524564**  
Depository Connectivity : **CDSIL & NSDL**

## 23rd Annual Report 2013-2014

- ix) **Market Price Data: High, Low during each month in the Financial Year 2013-14:**  
(Source: BSE Website)

Month	BSE, Mumbai	
	High Price	Low Price
Apr-13	3.13	2.73
May-13	3.25	2.86
Jun-13	6.54	3.41
Jul-13	8.62	6.67
Aug-13	7.55	6.10
Sep-13	5.98	3.56
Oct-13	4.44	3.27
Nov-13	3.11	3.11
Dec-13	2.96	2.59
Jan-14	3.76	2.71
Feb-14	6.26	3.70
Mar-14	6.09	4.22

- x) **Distribution of Shareholding as on 31<sup>st</sup> March, 2014**

S.No	Category	Shareholders		Total No. of Shares	Shares % of Holding
		Nos.	%		
1.	<b>upto - 500</b>	19784	92.79	30403220	5.97
2.	<b>501 - 1,000</b>	1003	4.70	8010620	1.57
3.	<b>1,001 - 2,000</b>	319	1.50	4743890	0.93
4.	<b>2,001 - 3,000</b>	82	0.38	2105160	0.41
5.	<b>3,001 - 4,000</b>	24	0.11	834620	0.16
6.	<b>4,001 - 5,000</b>	29	0.14	1392020	0.27
7.	<b>5,001 -10,000</b>	37	0.17	2954140	0.58
8.	<b>10,001 &amp; Above</b>	44	0.21	458806230	90.09
Total		21322	100.00	509249900	100

- xi) **Shareholding Pattern**  
**Equity Shares of Rs.10/- each**

Shareholders	As on 31 <sup>st</sup> March, 2014		As on 31 <sup>st</sup> March, 2013	
	No. of shares	%	No. of shares	%
Promoters	26024786	51.10	26024816	51.10
Financial institutions and Banks	560223	1.10	560223	1.10
Private Corporate Bodies	152991	0.30	159837	0.31
Foreign Body Corporate	18499990	36.33	18499990	36.33
Indian Public	4727073	9.29	4718728	9.27
NRI/OCB	959927	1.88	961426	1.89
<b>Total</b>	<b>50924990</b>	<b>100</b>	50924990	100

**xii) Dematerialization of shares and liquidity**

As on 31<sup>st</sup> March, 2014, 91.18% (46435550 equity shares) of paid up capital were in dematerialized form.

**xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments**

The Company does not have above instruments. However, the Company is having 30,85,635 Preference Shares carrying 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 from the date of allotment 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.

**xiv) Plant Location**

- 1) NH-9, Nandikandi Village, Sadasivapet Mandal  
Medak District, Telangana – 502306.
- 2) Balbhadrapuram Village, Biccavole Mandal,  
East Godavari District, Andhra Pradesh – 533343.

**xv) Address for Correspondence**

Company Secretary,  
Gayatri BioOrganics Limited,  
#6-3-1090, B-Block, 3<sup>rd</sup> Floor, TSR Towers,  
Rajbhavan Road, Somajiguda  
Hyderabad – 500082.

Members are requested to quote their registered folio number / DP ID number, Customer ID number in all the correspondence with the Company. Members are advised to deliver the share certificates along with necessary documents for physical transfer as well as demat purpose at the above address or at the RTA office.

**By Order of the Board**

Place: Hyderabad  
Date: 14.08.2014

**T. Sandeep Kumar Reddy**  
Chairman

### ANNEXURE 'C' TO DIRECTORS' REPORT

#### CERTIFICATE

Practicing Company Secretary Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchanges.

To

The Members

**GAYATRI BIOORGANICS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Gayatri BioOrganics Limited ('the Company') for the year ended 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our 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 our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

We 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 : 14.08.2014

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

**ANNEXURE D OF DIRECTORS' REPORT**

**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.

**By Order of the Board**

Place: Hyderabad  
Date: 14.08.2014

**T. Sandeep Kumar Reddy**  
Chairman

## 23rd Annual Report 2013-2014

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### ANNEXURE – E TO DIRECTORS’ REPORT

To  
**The Board of Directors,  
Gayatri BioOrganics Limited**

We have certify that:

- a) We have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March, 2014 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: 28.05.2014

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

**P.V. Narayana Rao**  
GM (FINANCE)

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
GAYATRI BIOORGANICS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. GAYATRI BIOORGANICS LIMITED (the company) which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, 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 explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgment, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

### Basis of qualified opinion

*The Company's trade receivables include certain trade receivables amounting to Rs.3,11,63,794/- which are overdue and outstanding for a period more than one year. 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 profit 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:

## 23rd Annual Report 2013-2014

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- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

Without qualifying our opinion, we invite reference to the following:

- Non-availability of confirmation of balances from Sundry Debtors and creditors

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, (Amendment) 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2014 and taken on record by the Board of Directors, we report that, none of the Directors of the company is disqualified as at 31<sup>st</sup> March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.

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

Place: Hyderabad  
Date: May 28, 2014

ANIL KUMAR MEHTA  
PARTNER  
Membership No: 14284



## STATEMENT REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1.
    - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
    - b) The management has conducted physical verification of major fixed assets during the year and as explained to us, no material discrepancies have been noticed on such verification.
    - c) According to the information and explanations given to us, the Company has not disposed of a substantial part of its fixed assets during the year as to affect the going concern assumption in preparing the financial statements under report.
  2.
    - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
    - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c) The company is maintaining proper records for inventories and, based on the information and explanations given to us discrepancies noticed on physical verification have been properly dealt with in the books of account.
  3.
    - a) According to the information and explanations given to us, the Company has not granted any unsecured loans to Companies, parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses b, c, d of Clause 3 of this Order is not applicable to the Company for the current year.
    - b) According to the information and explanations given to us, the Company has taken unsecured loans from Companies, parties covered in the register maintained under Section 301 of the Companies Act, 1956. The number of parties involved are three and maximum aggregate amount during the year is Rs. 26,80,53,020/- and the year end balance of the aggregate amount of loan taken is Rs.19,46,02,362/-.
    - c) In our opinion the rate of interest and other terms and conditions of loans taken by the company from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
    - d) In the case of loans taken from two Companies and a person listed in the Register maintained under Section 301 of the Companies Act, 1956, there are no fixed terms of repayment and due date for payment of interest and accordingly clause 4(iii)(h) of the Order is not applicable.
  4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialized requirements and similarly certain goods sold are for the specialized requirements of the buyers and suitable alternate sources are not available to obtain comparative quotations, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventories and fixed assets and for the sale of goods. However, in respect of sale of by-products and sale of maize (traded) during the year, internal controls need to be further strengthened. According to the information and explanations given to us, The Management has initiated steps to introduce the required additional controls relating to the same.
  5.
    - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in to the register required to be maintained under that Section.
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## 23rd Annual Report 2013-2014

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts and arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000 with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
6. The Company has not accepted any deposits from the Public.
7. During the year under report, the Internal Audit of the Company has been conducted by a firm of Chartered Accountants In our opinion, the scope and coverage of Internal audit is commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. In respect of Statutory Dues
- a. According to the information and explanations given to us and on the basis of examination of records of the Company, *amounts deducted /accrued in the books of accounts in respect of undisputed statutory dues including for Provident Fund, , Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.* As explained to us, the company did not have any dues on account of Investor Education and Protection Fund and Wealth Tax..
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues that were in arrears, as at 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable.
- c. According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax and Excise Duty, which have not been deposited with the appropriate tax authorities on account of any dispute. According to the information and explanations given to us, the following dues of Customs Duty 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 Custom Act, 1962	Customs Duty	8,31,74,440*	Financial Year 1994-95	CESTAT - Bangalore

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

10. The company has accumulated losses at the end of the financial year which exceeds fifty percent of its net worth. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, *the company during the year has defaulted /delayed in repayment of dues to the bankers and financial institution. Installments amounting to Rs.59,95,418/-, were overdue for repayment as at 31<sup>st</sup> March 2014 and the same were paid in*

April 2014. (Refer Note 2.3 of the Financial Statements). The company did not have any outstanding debentures during the year.

12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to information and explanations given to us, the Company is not a Chit fund / Nidhi / Mutual Benefit Fund / Society.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investment.
18. During the year under report, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books and other records of the Company carried out in accordance with the Generally Accepted auditing practices in India and according to the information and explanations given to us, no instance of fraud on or by the company was reported during the year, nor have we been informed of such case by the Management.

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

Place: Hyderabad  
Date: May 28, 2014

ANIL KUMAR MEHTA  
PARTNER  
Membership No: 14284

## 23rd Annual Report 2013-2014

### BALANCE SHEET AS AT 31 MARCH 2014

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

PARTICULARS	Note	As At 31st March 2014	As At 31st March 2013
<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>(447,892,692)</b>	(461,427,546)
		<b>369,920,708</b>	356,385,854
<b>Non-current liabilities</b>			
(a) Long-term borrowings	2.3	<b>40,476,624</b>	109,536,292
(b) Long-term provisions	2.4	<b>15,909,806</b>	14,273,275
		<b>56,386,430</b>	123,809,567
<b>Current liabilities</b>			
(a) Short-term borrowings	2.5	<b>328,078,710</b>	254,702,541
(b) Trade payables	2.6	<b>842,846,200</b>	250,432,942
(c) Other current liabilities	2.7	<b>164,492,076</b>	198,414,725
(d) Short-term provisions	2.8	<b>1,477,599</b>	1,316,219
		<b>1,336,894,585</b>	704,866,427
		<b>1,763,201,723</b>	1,185,061,848
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
Tangible assets	2.9	<b>488,774,732</b>	525,361,809
Capital work-in-progress		<b>3,678,010</b>	3,678,010
(b) Non-current investments	2.10	<b>15,000</b>	15,000
(c) Long-term loans and advances	2.11	<b>16,255,798</b>	15,265,246
		<b>508,723,540</b>	544,320,065
<b>Current assets</b>			
(a) Inventories	2.12	<b>242,464,071</b>	121,247,983
(b) Trade receivables	2.13	<b>953,688,656</b>	479,696,098
(c) Cash and bank balances	2.14	<b>23,756,250</b>	20,955,470
(d) Short-term loan and advances	2.15	<b>33,469,205</b>	18,342,232
(e) Other current assets	2.16	<b>1,100,000</b>	500,000
		<b>1,254,478,183</b>	640,741,783
		<b>1,763,201,723</b>	1,185,061,848

#### 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

for **Gayatri BioOrganics Limited**

**AnilKumar Mehta**

Partner

**C.V. Rayudu**

Whole Time Director

**T. Sandeep Kumar Reddy**

Chairman

Place : Hyderabad

Date : 28 May, 2014

**S. Narasappa**

Company Secretary

**P. Maruthi Babu**

Director

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

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

PARTICULARS	Note	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
<b>Revenue from operations</b>			
Sale of products (gross)		<b>2,223,960,490</b>	1,596,475,622
Less: Excise duty		<b>(86,479,419)</b>	(84,415,713)
Sale of products (net)		<b>2,137,481,071</b>	1,512,059,909
Other operating revenues	2.17	<b>10,118,825</b>	7,241,243
		<b>2,147,599,896</b>	1,519,301,152
Other income	2.18	<b>3,040,872</b>	1,188,200
<b>Total Revenue</b>		<b>2,150,640,768</b>	1,520,489,352
<b>Expenses</b>			
Cost of materials consumed	2.19	<b>903,233,613</b>	1,095,479,326
Cost of traded goods purchased		<b>792,653,875</b>	—
Change in inventory of finished goods and work-in-progress	2.20	<b>36,869,522</b>	59,745,767
Employee benefits expense	2.21	<b>90,797,587</b>	82,607,256
Finance costs	2.22	<b>75,749,890</b>	74,759,687
Depreciation	2.9	<b>42,502,626</b>	39,457,181
Other expenses	2.23	<b>195,298,799</b>	162,658,840
<b>Total expenses</b>		<b>2,137,105,912</b>	1,514,708,057
<b>Profit/(Loss) before tax</b>		<b>13,534,856</b>	5,781,295
- Current tax		<b>—</b>	(3,177,654)
<b>Profit/(Loss) for the year</b>		<b>13,534,856</b>	8,958,949
<b>Earning per equity share (Nominal value of Share INR 10 (Previous Year : INR : 10))</b>			
Basic and diluted	2.28	<b>(0.16)</b>	(0.25)
<b>Significant accounting policies</b>			
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

for **Gayatri BioOrganics Limited**

**AnilKumar Mehta**  
Partner

**C.V. Rayudu**  
Whole Time Director

**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 28 May, 2014

**S. Narasappa**  
Company Secretary

**P. Maruthi Babu**  
Director

## 23rd Annual Report 2013-2014

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(All amounts in Indian rupees, except share data)

PARTICULARS	As at 31st March 2014	As at 31st March 2013
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	13,534,856	5,781,294
Adjustments:		
Depreciation	42,502,626	39,457,181
Interest income	(3,040,872)	(1,188,200)
Interest expense	75,749,890	74,759,687
Operating cash flows before working capital changes and other assets	128,746,500	118,809,962
Increase in inventories	(121,216,089)	61,625,003
Increase in trade receivables	(473,992,558)	(211,470,204)
Increase in loans and advances	(16,937,704)	(828,924)
Increase in current liabilities and provisions	625,224,769	131,360,711
<b>Cash generated from operations</b>	141,824,918	99,496,548
Income taxes paid, net	—	3,177,654
<b>Net cash provided by / (used in) operating activities</b>	141,824,918	102,674,202
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(6,342,962)	(28,426,890)
Bank deposits (having original maturity more than three months)	8,302,211	(3,620,717)
Interest received	2,440,872	1,085,434
<b>Net cash used in investing activities</b>	4,400,121	(30,962,173)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(133,241,019)	(244,209,130)
Proceeds from borrowings	76,830,115	248,176,234
Interest paid	(78,711,144)	(73,492,070)
<b>Net cash provided by financing activities</b>	(135,122,048)	(69,524,966)
<b>Net increase in cash and cash equivalents</b>	11,102,991	2,187,063
Cash and cash equivalents including other bank balances at the beginning of the year	10,673,260	8,486,197
<b>Cash and cash equivalents including other bank balances at the end of the year</b>	21,776,251	10,673,260

As per our report of even date attached  
for **M. Bhaskara Rao & Co**  
Chartered Accountants

for **Gayatri BioOrganics Limited**

**AnilKumar Mehta**  
Partner

**C.V. Rayudu**  
Whole Time Director

**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 28 May, 2014

**S. Narasappa**  
Company Secretary

**P. Maruthi Babu**  
Director

## 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.

##### 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.

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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 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 XIV of the Companies Act, 1956. In the opinion of management, the rates specified in Schedule XIV 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.

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### 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 2014 (Continued)

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

	As At 31st March 2014	As At 31st March 2013
<b>2.1 SHARE CAPITAL</b>		
<b>Authorised</b>		
51,000,000 (previous year: 51,000,000) equity shares of INR 10 each	<b>51,00,00,000</b>	51,00,00,000
3,900,000 (previous year : 3,900,000) 6% cumulative redeemable optionally convertible preference shares of INR 100 each	<b>39,00,00,000</b>	39,00,00,000
	<b><u>90,00,00,000</u></b>	<u>90,00,00,000</u>
<b>Issued, subscribed and paid-up capital</b>		
50,924,990 (previous year: 50,924,990) equity shares of INR 10 each	<b>50,92,49,900</b>	50,92,49,900
3,085,635 (previous year: 3,085,635) 6% cumulative redeemable optionally convertible preference shares of Rs. 100 each.	<b>30,85,63,500</b>	30,85,63,500
	<b><u>81,78,13,400</u></b>	<u>81,78,13,400</u>

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number	Amount	Number	Amount
<b>Equity Shares</b>				
At the commencement of the year	50,924,990	50,92,49,900	50,924,990	50,92,49,900
Shares issued during the year	—	—	—	—
At the end of the year	<b>50,924,990</b>	<b>50,92,49,900</b>	50,924,990	50,92,49,900
<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	—	—	—	—
At the end of the year	<b>3,085,635</b>	<b>308,563,500</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 3,838,135 outstanding 6% Cumulative Redeemable Optionally Convertible Preference Shares of Rs.100 each to the Promoters issued on 12 September 2007. Out of these shares 752,500 are due for conversion since 12 September 2010 and accordingly the Board of Directors in their meeting held on 10 November 2010 approved the conversion of the above mentioned shares into 7,525,000 Equity Shares of Rs.10 each and the balance 3,085,635 shares 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 at the end of year 5, 6, 7 and 8 from the date of allotment. None of the preference shareholders have exercised the option in the above period.

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### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

Particulars of shareholder holding more than 5% equity shares are:

Name of shareholder	As at 31 March 2014		As at 31 March 2013	
	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>1,47,96,055</b>	<b>29.05</b>	1,47,96,055	29.05
Fursa Mauritius	<b>1,84,99,990</b>	<b>36.33</b>	1,84,99,990	36.33
T. Indira	<b>25,45,602</b>	<b>5.00</b>	25,45,602	5.00

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

Name of shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
T. Sandeep Kumar Reddy	<b>22,69,376</b>	<b>73.55</b>	22,69,376	73.55
T. Sarita Reddy	<b>3,91,944</b>	<b>12.70</b>	3,91,944	12.70
T. Indira	<b>4,24,315</b>	<b>13.75</b>	4,24,315	13.75

As at  
**31 March 2014**                      As at  
31 March 2013

## 2.2 Reserves and surplus

### Central subsidy

At the commencement and at the end of the year

**10,00,000**                      10,00,000  

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**10,00,000**                      10,00,000

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

At the commencement of the year

**(462,427,547)**                      (471,386,495)

Profit/(Loss) for the year

**13,534,856**                      8,958,949

At the end of the year

**(448,892,692)**                      (462,427,546)

**(447,892,692)**                      (461,427,546)

## 2.3 Long term borrowings \$

Term loans

From bank (secured) \*

**3,203,925**                      27,791,300

From financial institution (secured) \*\*

**22,000,000**                      68,500,000

From Mr. T Sandeep Reddy, Director (unsecured) \*\*\*

**15,272,699**                      13,147,544

Vehicle loan from bank (secured) #

—                      97,448

**40,476,624**                      109,536,292

\$ Current maturities are included in Note 2.7

\* The term loan from bank is taken from Punjab National Bank in the financial year 2010-11 which carries an interest rate of 13.50% (Floating) per annum. It is repayable in 36 equal monthly installments of INR 2,778,000 commencing from January 2012. The loan is secured against the first charge on fixed assets of the Company situated at Balabadrapuram including land of 30.16 acres and second charge of present and future assets at Nandikandi Unit.

\*\* Details of term loans obtained from the financial institutions Term loan - I is obtained from State Industrial and Investment Corporation of Maharashtra Limited and carries an interest rate of 17.50% (floating) per annum

## Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

and is repayable in 1 quarterly installment of INR 7,500,000 and 15 quarterly installments of INR 9,500,000 commencing from January 2011. The term loan - II is obtained from State Industrial and Investment Corporation of Maharashtra Limited and carry an interest rate of 16.25% (floating) per annum and are repayable in 1 quarterly installment of INR 4,000,000 and 16 quarterly installments of INR 6,000,000 commencing from December 2011. The loans are secured against first charge and hypothecation of entire fixed assets of the Company, both present and future, at Nandikandi unit including land and building together with plant and machinery and irrevocable personal guarantee of the promoter director.

Defaults as on the balance sheet date in repayment of principal in respect of SICOM Loan Rs. 60 lacs cleared by end of April 2014 and PNB Term Loan of Rs. 27.78 lacs by the 10th April .

\*\*\* 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 2,385,393) 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 Karur Vysya Bank in the financial year 2009-10 and carries an interest rate of 11.50% per annum and is repayable in 60 equal monthly installment including interest of INR 15,835 with the last installment due in September 2014. The loan is secured against the hypothecation of vehicle.

	<b>As at 31 March 2014</b>	As at 31 March 2013
<b>2.4 Long term provisions</b>		
Provision for employee benefits		
- Gratuity (Refer note no. 2.33)	<b>13,114,787</b>	11,969,679
- Compensated absences	<b>2,795,019</b>	2,303,596
	<b>15,909,806</b>	14,273,275
<b>2.5 Short term borrowings</b>		
Loans repayable on demand		
Cash credit from bank (secured) *	<b>148,749,042</b>	150,077,834
From related parties (unsecured) **	<b>179,329,668</b>	104,624,707
	<b>328,078,710</b>	254,702,541
<b>2.6 Trade payables</b>		
Due to micro and small suppliers (Refer note no.2.34)	<b>3,654,713</b>	3,654,713
Due to Trade creditors	<b>576,988,875</b>	—
Other creditors	<b>262,202,612</b>	246,778,229
	<b>842,846,200</b>	250,432,942

\* The cash credit and over draft facilities from bank carry an interest rate of 13.50% (floating) 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.

\*\* Loans from related parties carry an interest rate of 14.50% per annum and are repayable on demand.

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### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

	As at 31 March 2014	As at 31 March 2013
<b>2.7 Other current liabilities</b>		
Current maturities of long-term debts (Refer note no. 2.3)		
Financial institutions	<b>52,500,000</b>	104,990,852
Term loan from bank	<b>25,002,000</b>	33,336,000
Vehicle loan from bank	<b>79,194</b>	150,503
Interest accrued and due on borrowings	<b>2,063,172</b>	5,024,426
Interest accrued but not due on borrowings	—	7,643,524
Other payables		
Payables for purchase of fixed assets	<b>4,596,739</b>	5,024,152
Advances from customers	<b>23,620,072</b>	6,845,408
Employee benefit liabilities	<b>6,961,122</b>	12,080,628
Statutory liabilities	<b>17,862,312</b>	14,872,366
Provision for expenses	<b>13,025,318</b>	8,446,867
Others	<b>18,782,147</b>	—
	<b>164,492,076</b>	198,414,725
<b>2.8 Short term provisions</b>		
Provision for employee benefits		
Gratuity (Refer note no. 2.33)	<b>1,051,005</b>	944,575
Compensated absences	<b>426,594</b>	371,644
	<b>1,477,599</b>	1,316,219

**Notes to the financial statements for the year ended 31 March 2014 (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 2013	Additions during the year	As at 31 March 2014	As at 31 March 2013	Change for the year	As at 31 March 2014	As at 31 March 2013
<b>Tangible asset</b>							
Land	88,768,945	—	88,768,945	—	—	88,768,945	88,768,945
Buildings	238,692,621	1,529,062	240,221,683	81,072,171	7,972,473	151,177,039	157,620,450
Plant and machinery	635,576,764	4,080,890	639,657,654	362,421,663	33,559,043	395,980,706	273,155,101
Furniture and fixtures	2,752,591	—	2,752,591	2,677,529	12,441	2,689,970	75,062
Vehicles	8,152,904	—	8,152,904	4,423,325	542,287	4,965,612	3,729,579
Office equipments	3,035,622	305,597	3,341,219	2,021,946	152,624	2,174,570	1,013,676
Computers	3,860,565	—	3,860,565	2,861,569	263,758	3,125,327	998,996
<b>Total</b>	<b>980,840,012</b>	<b>5,915,549</b>	<b>986,755,561</b>	<b>455,478,203</b>	<b>42,502,626</b>	<b>497,980,829</b>	<b>525,361,809</b>
Previous year	900,433,982	80,406,030	980,840,012	416,021,022	39,457,181	455,478,203	484,412,960

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### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

	As at 31 March 2014	As at 31 March 2013
<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]	2,84,000	2,84,000
<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	(3,25,900)	(3,25,900)
<b>Total Investments, net</b>	<b>15,000</b>	15,000
Quoted non-current investments		
Aggregate book value	3,14,000	3,14,000
Aggregate market value	44,675	24,000
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)	1,779,781	820,179
	<b>1,779,781</b>	820,179
Advance for land (Unsecured)		
Considered good	1,52,423	1,52,423
Considered doubtful	18,61,256	18,61,256
Less: Provision for doubtful advances	(18,61,256)	(18,61,256)
	<b>1,52,423</b>	1,52,423
Security deposits (Unsecured)		
Considered good	14,323,594	14,292,644
Considered doubtful	510,000	510,000
Less: Provision for doubtful deposits	(5,10,000)	(5,10,000)
	<b>14,323,594</b>	14,292,644
	<b>16,255,798</b>	15,265,246



## Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

	As at 31 March 2014	As at 31 March 2013
<b>2.12 Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials	191,795,867	57,837,528
Stock of Traded Goods	26,754,000	-
Work-in-progress	7,316,416	5,068,435
Finished goods	9,149,947	49,941,867
Stores and spares	7,447,841	8,400,152
	<b>242,464,071</b>	<b>121,247,983</b>
<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	119,804,951	85,735,326
Unsecured, considered doubtful	8,915,621	8,915,621
Less: Provision for doubtful receivables	(8,915,621)	(8,915,621)
(A)	<b>119,804,951</b>	<b>85,735,326</b>
Other receivables		
Unsecured, considered good	833,883,705	393,960,772
(B)	<b>833,883,705</b>	<b>393,960,772</b>
(A) + (B)	<b>953,688,656</b>	<b>479,696,098</b>
<b>2.14 Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	938,779	2,262,014
Balance with banks		
On current accounts	20,837,472	8,411,246
<b>Other bank balances</b>		
- Margin money towards letter of credit (due to mature within 12 months of the reporting date)	1,979,999	10,282,210
	<b>23,756,250</b>	<b>20,955,470</b>
<b>2.15 Short-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Advance to suppliers	19,657,014	4,194,233
Tax deducted at source	1,052,097	934,566
Cenvat receivable	6,996,469	5,404,779
Prepaid expenses	4,350,642	6,682,250
Staff advance	1,412,983	1,126,404
<i>(Unsecured, considered doubtful)</i>		
Advance to suppliers	1,922,053	1,922,053
Less: Provision for advance to suppliers	(1,922,053)	(1,922,053)
	<b>33,469,205</b>	<b>18,342,232</b>

## 23rd Annual Report 2013-2014

### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

	As at 31 March 2014	As at 31 March 2013
<b>2.16 Other current assets</b>		
(Unsecured, considered good)		
Interest accrued	1,100,000	500,000
	<u>1,100,000</u>	<u>500,000</u>
	<b>For the year ended 31 March 2014</b>	For the year ended 31 March 2013
<b>2.17 Other operating revenues</b>		
Sale of scrap and husk ash	5,346,990	5,481,272
Foreign exchange gain, net	3,884,380	1,371,971
Miscellaneous income	887,455	388,000
	<u>10,118,825</u>	<u>7,241,243</u>
<b>2.18 Other income</b>		
Interest income - others	3,040,872	1,188,200
	<u>3,040,872</u>	<u>1,188,200</u>
<b>2.19 Cost of materials consumed</b>		
Raw materials and packing materials consumed:		
Inventory of material at the beginning of the year	57,837,528	56,233,044
Purchases	1,063,945,952	1,097,083,810
Inventory of material at the end of the year	<u>(218,549,867)</u>	<u>(57,837,528)</u>
	<u>903,233,613</u>	<u>1,095,479,326</u>
<b>2.20 Change in inventory of finished goods and work in process</b>		
Opening stock		
Finished goods	49,941,867	111,741,069
Work-in-progress	5,068,435	7,083,231
Less: Closing stock		
Finished goods	9,149,947	49,941,867
Work-in-process	7,316,416	5,068,435
Increase/ (decrease) in stock	<u>38,543,939</u>	<u>63,813,998</u>
Increase/ (decrease) in excise duty due to closing inventory	<u>(1,674,417)</u>	<u>(4,068,231)</u>
	<u>36,869,522</u>	<u>59,745,767</u>
<b>2.21 Employee benefits expense</b>		
Salaries, wages and bonus	78,805,276	71,289,820
Contribution to provident fund and other funds	6,049,878	5,978,909
Staff welfare expenses	4,005,633	3,401,727
Directors' remuneration	1,936,800	1,936,800
	<u>90,797,587</u>	<u>82,607,256</u>

## Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

	<b>For the year ended 31 March 2014</b>	For the year ended 31 March 2013
<b>2.22 Finance costs</b>		
Interest expense		
- on term loan from SICOM	<b>24,924,299</b>	30,079,206
- on term loan from banks	<b>6,882,017</b>	11,361,618
- on cash credits	<b>21,092,140</b>	19,865,572
- on others	<b>12,218,325</b>	4,971,829
Bank charges	<b>10,633,109</b>	8,481,462
	<b>75,749,890</b>	74,759,687
<b>2.23 Other expenses</b>		
Consumption of stores and spares	<b>18,902,738</b>	20,296,473
Power and fuel	<b>113,146,808</b>	85,630,420
Job work charges	<b>1,176,000</b>	2,772,000
Rent (refer note 2.32)	<b>2,915,309</b>	2,212,429
Repairs		
Buildings	<b>1,287,592</b>	442,439
Plant and machinery	<b>4,640,694</b>	3,959,128
Others	<b>2,210,152</b>	1,343,902
Rates and taxes	<b>325,446</b>	496,605
Insurance	<b>2,316,433</b>	2,362,131
Vehicle hire and maintenance	<b>1,892,463</b>	1,776,589
Travelling expenses	<b>612,229</b>	887,233
Contract labour charges	<b>10,905,816</b>	6,194,651
Legal and professional fees	<b>3,009,676</b>	3,185,397
Cash discount	<b>7,903,525</b>	8,711,625
Freight outward	<b>10,529,145</b>	4,065,797
Listing fee	<b>205,057</b>	182,500
Provision for doubtful debts	—	1,586,284
Donations	<b>601,316</b>	78,416
Directors sitting fee	<b>377,531</b>	321,000
Printing and stationery	<b>590,269</b>	504,744
Telephone and other communication expenses	<b>765,865</b>	496,910
Membership and subscriptions	—	7,023
Water expenses	<b>2,751,948</b>	5,521,258
Security expenses	<b>1,945,372</b>	1,674,885
Miscellaneous expenses	<b>6,287,415</b>	7,949,002
	<b>195,298,799</b>	162,658,840

## 23rd Annual Report 2013-2014

### Notes to the financial statements for the year ended 31 March 2014 (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. Accordingly the Company ceased to be a Sick Industrial Company.

### 2.25. Capital commitments and contingent liabilities

	As at 31 March 2014	As at 31 March 2013
i. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	—	—
ii. Contingent liabilities		
a. Customs duty *	<b>83,174,440</b>	83,174,440
b. Claim against the Company not acknowledged as debts	<b>23,708,122</b>	23,708,122

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

**2.26.** Arrears of dividend on cumulative preference shares including tax on dividends not provided for Rs. 155,079,259/- (previous Year Rs. 133,419,027/-).

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

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Audit fees	<b>550,000</b>	550,000
Other services	<b>300,000</b>	450,000
Out of pocket expenses	—	20,650
<b>Net</b>	<b>850,000</b>	1,020,650

### 2.28. 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.

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax liability</b>		
Excess of depreciation provided in accounts over depreciation allowable under income tax law	<b>(47,001,915)</b>	(48,617,537)
<b>Deferred tax asset</b>		
Business loss under income tax law	<b>47,001,915</b>	48,617,537
<b>Net</b>	—	—

## Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

### 2.29. Earnings per share (EPS)

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

	For the year ended 31 March 2014	For the year ended 31 March 2013
Net profit for the year	<b>13,534,856</b>	8,958,948
Less : Preference dividends including tax on dividends	<b>21,660,232</b>	21,517,213
Net profit for calculation of basic earnings per share	<b>(8,125,376)</b>	(12,558,265)
Add: Dividends and dividend tax on preference shares (convertible)	<b>21,660,232</b>	21,517,213
Net profit for calculation of diluted earnings per share	<b>13,534,856</b>	(8,958,948)
Number of equity shares outstanding at the beginning of the year	<b>50,924,990</b>	50,924,990
Add: Equity shares issued during the year	—	—
Total number of equity shares outstanding at the end of the year	<b>50,924,990</b>	50,924,990
Weighted average number of equity shares outstanding during the year - (Basic)	<b>50,924,990</b>	50,924,990
Weighted average number of equity shares ) outstanding during the year - (Diluted)	<b>81,781,340</b>	81,781,340
Earnings per share of par value Rs.10 – Basic	<b>(0.16)</b>	(0.25)
Earnings per share of par value Rs.10 – Diluted	<b>(0.16)</b>	(0.25)

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.

### 2.30. Related party transactions

#### A) Related parties

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

- T Sandeep Kumar Reddy, promoter director
- C V Rayudu, Whole time director
- Maruti Babu Ponnuru, Director

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

- Cosmo Chem Agro Agencies Private Limited
- Mohan Projects Contractors Private Limited (ceased to be related party from 20/05/2013)
- Deep Corporation Private Limited

## 23rd Annual Report 2013-2014

### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

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

Nature of transaction	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Finance cost</b>		
Mohan Projects Contractors Private Limited	40,45,167	3,640,652
T Sandeep Kumar Reddy	357,809	1,331,177
Cosmo Chem Agro Agencies Private Limited	6,117,394	5,508,050
	<b>10,520,370</b>	<b>10,479,879</b>
<b>Rent paid</b>		
Deep Corporation Private Limited	2,705,197	1,776,320
	<b>2,705,197</b>	<b>1,776,320</b>
<b>Loans taken</b>		
Cosmo Chem Agro Agencies Private Limited	82,201,944	239,766,494
	<b>82,201,944</b>	<b>239,766,494</b>
<b>Loans repaid</b>		
Cosmo Chem Agro Agencies Private Limited	139,755,868	191,732,779
	<b>139,755,868</b>	<b>191,732,779</b>
<b>Sitting Fees</b>		
P Maruti Babu	60,000	80,000
	<b>60,000</b>	<b>80,000</b>
<b>Managerial remuneration</b>		
C V Rayudu	1,936,800	1,936,800

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

Nature of balance	As at 31 March 2014	As at 31 March 2013
<b>Unsecured loans</b>		
Cosmo Chem Agro Agencies Private Limited	19,148,617	77,124,704
Mohan Projects Contractors Private Limited	160,181,048	27,500,000
T Sandeep Kumar Reddy	15,272,697	13,147,544
	<b>194,602,362</b>	<b>117,772,248</b>

#### 2.31. 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.

## Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

### 2.32. 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 29,15,309 (previous year INR 4,36,109) has been included under "Rent" in the Statement of Profit and Loss. An amount of Rs. 1,341,600 (previous year INR 1,776,320) 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 2014	As at 31 March 2013
Due within one year	2,683,200	2,255,926
Due later than one year and not later than five years	8,720,400	10,717,318
Later than 5 years	—	498,276
<b>Total</b>	<b>11,403,600</b>	<b>13,471,520</b>

### 2.33. 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 6,049,878/- previous year (Rs. 5,978,909/-).

#### 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.

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

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

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Obligation at beginning of the year	12,914,254	10,531,787
Current service cost	694,841	627,395
Interest cost	1,033,140	842,543
Past service cost	—	—
Actuarial (gain)/ loss	(476,443)	948,442
Benefits paid	—	(35,913)
<b>Obligation as at the end of the year</b>	<b>14,165,792</b>	<b>12,914,254</b>
Current Portion	13,114,787	11,969,679
Non- Current Portion	1,051,005	944,575

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

Current service cost	694,841	627,395
Interest cost	1,033,140	842,543
Expected return on plan assets	—	—
Past service cost	—	—
Net actuarial loss/(gain) recognised in the year	(476,443)	948,442
<b>Amount in "Employee benefits expense"</b>	<b>1,251,538</b>	<b>2,418,380</b>

## 23rd Annual Report 2013-2014

### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

#### Amount recognised in balance sheet

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010
Present value of funded obligations	14,165,792	12,914,254	10,531,787	8,649,287	5,924,512
Fair value of plan assets	—	—	—	—	—
<b>Net liability</b>	<b>14,165,792</b>	<b>12,914,254</b>	<b>10,531,787</b>	<b>8,649,287</b>	<b>5,924,512</b>

#### Summary of actuarial assumptions

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Discount Rate (p.a.)	8.00%	8.00%
Salary escalation rate (p.a.)	10.00%	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.

#### 2.34. 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.

	For the year ended 31 March 2014	For the year ended 31 March 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	3,654,713	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	Nil	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	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	617,169	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	Nil	Nil



**Notes to the financial statements for the year ended 31 March 2014 (Continued)**

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

**2.35 Particulars of sales and Closing Stock**

**(A) For the year ended 31 March 2014**

Particulars	Sales for the year ended 31 March 2014	Closing stock as on 31 March 2014	Closing stock as on 31 March 2013
Starch	882,615,344	5,852,834	46,145,640
Sorbitol	320,892,412	1,314,983	1,988,972
By-products	227,839,903	1,982,130	1,807,255
Trading	792,612,830	26,754,000	—
<b>Total</b>	<b>2,223,960,490</b>	<b>35,903,947</b>	49,941,867

**(B) For the year ended 31 March 2013**

Particulars	Sales for the year ended 31 March 2013	Closing stock as on 31 March 2013	Closing stock as on 31 March 2012
Starch	896,091,292	46,145,640	103,672,802
Sorbitol	291,070,350	1,988,972	—
By-products	409,313,979	1,807,255	8,068,267
<b>Total</b>	<b>1,596,475,622</b>	<b>49,941,867</b>	111,741,069

**2.36. Work in progress**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Starch	1,748,334	900,105
Sorbitol	5,293,662	26,66,394
By-products	274,420	15,01,936
<b>Total</b>	<b>7,316,416</b>	5,068,435

**2.37. Consumption of Raw materials**

Particulars	For the year ended 31 March 2014	%	For the year ended 31 March 2013	%
<i>Indigenous</i>				
- Maize	1,496,124,440	88.22	943,314,865	86.11
- Chemicals	35,967,934	2.12	33,585,521	3.07
- Others	163,795,114	9.66	118,578,940	10.82
<b>Total</b>	<b>1,695,887,488</b>	<b>100.00</b>	1,095,479,326	100.00

**2.38. Consumption of stores and spares**

Particulars	For the year ended 31 March 2014	%	For the year ended 31 March 2013	%
Imported	—	—	—	—
Indigenous	18,902,738	100.00	20,296,473	100.00
<b>Total</b>	<b>18,902,738</b>	<b>100.00</b>	20,296,473	100.00

## 23rd Annual Report 2013-2014

### Notes to the financial statements for the year ended 31 March 2014 (Continued)

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

#### 2.39. CIF value of imports

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

#### 2.40. Expenditure in foreign currency

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

#### 2.41. Earnings in foreign currency

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Exports on FOB basis	44,267,160	66,591,000
<b>Total</b>	<b>44,267,160</b>	<b>66,591,000</b>

#### 2.42. Capitalisation of expenses

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest cost	—	75,28,927
Salaries	—	76,18,846
Others	—	68,30,227
<b>Total</b>	<b>—</b>	<b>2,19,78,000</b>

#### 2.43. Unhedged foreign currency exposure

Foreign currency exposures on account of trade receivables not hedged by derivative instruments are as follows :

Particulars	31 March 2014		31 March 2013	
	Amount in USD	Amount in INR	Amount in USD	Amount in INR
Trade receivables	—	—	4,74,860	2,60,91,240

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

As per our report of even date attached  
for **M. Bhaskara Rao & Co**  
Chartered Accountants

for **Gayatri BioOrganics Limited**

**AnilKumar Mehta**  
Partner

**C.V. Rayudu**  
Whole Time Director

**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 28 May, 2014

**S. Narasappa**  
Company Secretary

**P. Maruthi Babu**  
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 23rd Annual general meeting of the company, to be held on Tuesday the 30th day of September, 2014 at 9.30 A.M. at “KLN Prasad Auditorium”, FAPCCI Building, 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 Statement of Accounts for the Financial Year 2013-14
2.	Re-Appointment of Sri T. Sandeep Kumar Reddy as the Director who retires by rotation
3.	Re-appointment of Smt. T. Sarita Reddy as the Director who retires by rotation
4.	Re-appointment of Statutory Auditors of the Company
5.	Re-appointment of Sri C.V. Rayudu as the Whole Time Director
6.	Appointment of Sri T. G. Pandya as the Independent Director
7.	Appointment of Sri T.R. Rajagopalan as the Independent Director
8.	Appointment of Sri J. N. Karamchetti as the Independent Director
9.	Ratification of remuneration of the Cost Auditors of the Company for the year 2014-15

Signed this..... day of..... 2014.

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.

## 23rd Annual Report 2013-2014

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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 23<sup>rd</sup> Annual General Meeting of the Company to be held **on Tuesday, the 30<sup>th</sup> September, 2014 at 9.30 A.M. at "KLN PRASAD AUDITORIUM, 'FAPCCI' Building Federation House, H.No. 11-6-841, Red Hills, 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
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*If undelivered, please return to:*

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

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3rd Floor, TSR Towers,  
Rajbhavan Road, Somajiguda,  
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