



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

**21<sup>st</sup> Annual Report 2011 - 12**

## **21<sup>st</sup> Annual General Meeting**

**Day : Thursday**

**Date : 20<sup>th</sup> September 2012**

**Time : 4.30 P.M.**

**Venue :** "SURANA UDYOG AUDITORIUM",  
FAPCCI Building, Federation House,  
11-6-841, Red Hills, Hyderabad – 500 004

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**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 P. Maruthi Babu</b>	<i>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. BSR and Co.  
Chartered Accountants  
Reliance Humsafar  
IV floor, Road No:11  
Banjara Hills  
Hyderabad - 500034

**REGISTERED OFFICE&  
INVESTOR RELATION DEPT.,**

#6-3-1090,C-1, C-Block, 1<sup>st</sup> floor  
TSR Towers, Rajbhavan Road,  
Somjiguda, Hyderabad – 500 082.  
Ph: 66100111/66100222, Fax:66100333  
E-mail: info@gayatribioorganics.com

**FACTORY:**

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

## 21st Annual Report 2011-2012

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### NOTICE

NOTICE is hereby given that the **21<sup>st</sup> Annual General Meeting** of the members of Gayatri BioOrganics Limited will be held at the "SURANA UDYOG AUDITORIUM", FAPCCI Building, Federation House, 11-6-841, Red Hills, Hyderabad-500004 on Thursday, the 20<sup>th</sup> day of September, 2012 at 4.30 P.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the company as at 31.03.2012 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.R. Rajagopalan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. J. N. Karamchetti, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. T. Sarita Reddy, who retires by rotation and being eligible, offers herself for re-appointment.
5. To re-appoint Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

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

"RESOLVED THAT M/s. B S R and Co, Chartered Accountants with Firm Registration Number 128510W, Reliance Humsafar, IV floor, Road No: 11, Banjara Hills, Hyderabad - 500034 be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and the Board of Directors be and are hereby authorized to fix a suitable remuneration in consultation with the auditors and the manner of its payment."

**By Order of the Board**

Place: Hyderabad  
Date: 13.08.2012

**T. Sandeep Kumar Reddy**  
Chairman

## Gayatri BioOrganics Limited

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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. PROXIES 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. The Register of Members and the Share Transfer Books will remain closed from 14<sup>th</sup> September, 2012 to 20<sup>th</sup> September, 2012 (both days inclusive).
4. 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.
5. 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.
6. Members / Proxies are requested to bring their Annual Report to the meeting and the attendance slip duly filed in for attending the meeting. Copies of Annual Reports will not be provided at the meetings.
7. As per Government notification dated 21.04.2011, company initiated to send future Annual Reports and other communication through e-mail also (electrical mode). Hence, Please avail the facility by registering your email id at [info@vccilindia.com](mailto:info@vccilindia.com)

## 21st Annual Report 2011-2012

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### DIRECTORS' REPORT

To  
The Members of  
Gayatri BioOrganics Limited

Your Directors present the Twenty First Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31st March, 2012.

#### FINANCIAL RESULTS

	(Rs. in lakhs)	
	31.03.2012	31.03.2011
Net Sale Income from Operations	12880.08	8,652.64
Other Operating Income	211.26	59.11
Income from operations	13091.31	8,711.75
Other Income	8.96	31.40
Total Income	13100.26	8,743.15
Total Expenditure	12238.09	7,798.38
Finance Charges	763.96	312.81
Depreciation	378.76	306.39
Provision for Taxation	—	38.50
Net Profit / (Loss)	(280.54)	287.07

#### PERFORMANCE DURING THE YEAR UNDER REVIEW

##### STARCH DIVISION

The performance of this plant is better when compared to the previous year as the Company crushed 81,536 MTs maize as against 53,730 MTs maize during the previous year. The management is also trying to achieve 100% installed Capacity of both Units of the Company.

##### SORBITOL DIVISION:

The Company produced 7,325 MTs of Sorbitol during the Financial Year ended 31<sup>st</sup> March, 2012 which is nearly 86% of the installed capacity. The Company also targeting to achieve 100% installed capacity of the Sorbitol Plant.

The Company registered good business in terms of turnover but the operations of the Company for the whole Financial Year recorded a net loss due to High cost of Raw Material and unremunerative pricing of finished products of the Company. There has been a general slump in the Starch market because of lack of demand from textile industry, which is one of the largest consumers.

##### EXPORTS

The Company made exports of Starch amounting to Rs. 2,74,63,666/- during the year and the company is foreseeing good opportunities in export market for the years to come.

##### OUTLOOK FOR THE FINANCIAL YEAR 2012-13

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 maize crop during the year in the state is low and there is shortage of Maize and we are hopeful that the market will be settled in the second half of the year.

Your company has completed expansion of the production capacity recently. With this expansion the crushing Capacity is enhanced to 135000 MTPA. Further, Two more Auto claves have been installed in Sorbitol division. As a result, the Sorbitol production can go up to 16000 MTPA. To overcome power shortage, the company is proposing to install a 3 MW power plant at Nandikandi Unit.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### a. Industry Structure and Developments.

Sorbitol and Starch industries in India are very much fragmented and scattered through out India. In case of Sorbitol at present only four major players are there in South India. When it comes to Starch, nearly 50% of Indian Starch production comes from Gujarat where four major Starch Factories are located.

The Indian economic growth accelerated to 8.5% with notable growth in agriculture, food, paint and packaging industry segments. Textile segment faced stagnation. The growth in demand for Sorbitol is fluctuating. 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.

#### b. Opportunities and threats.

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

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

#### c. Out look

The outlook for the company's products is reasonably good but the management feels that the Company should be provided with sufficient working capital to achieve higher operations levels.

#### d. Risks and Concerns.

Sorbitol and Starch being agro based industries there is no risk of product obsolescence or steep fall in demand by way of product substitution. Therefore your directors do not foresee any major risks and concerns, except as discussed above.

#### e. Internal Control Systems and their adequacy:

The company has developed adequate internal control and reporting systems and is well placed.

#### f. Financial / Operational performance:

This has already been discussed in this report.

#### g. Human Resources / Industrial Relations :

The company employs more than 300 people both in Two Units, Sorbitol and Starch divisions including Head Office. The Company enjoys very cordial relations with the staff, workers and with workers union. The industrial relations continued to be cordial during the year under review.

### 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.

## 21st Annual Report 2011-2012

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### LISTING OF SECURITIES

- (a) The Company's Shares are listed with **Bombay Stock Exchange Limited**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
- (b) The Company paid Listing fees for the year 2012-13 to Bombay Stock Exchange Limited.

### DIRECTORS

Sri. T.R. Rajagopalan, who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment

Sri. J.N. Karamchetti, who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment

Smt. T. Sarita Reddy, who retires rotation at the ensuing Annual General Meeting is eligible for reappointment and offered herself for re appointment.

### APPOINTMENT OF AUDITORS

The Members are requested to consider the re-appointment of M/s. B S R and Co, Chartered Accountants as Statutory Auditors from this Annual General Meeting to the conclusion of the next Annual General Meeting. The Board recommends their re-appointment.

### COST AUDITORS

The Board of directors re-appointed M/s. Narasimha Murthy & Co, Cost Accountants, 3-6-365, 104 &105, Pavani Estates, Y.V.Rao Mansion, HimayathNagar, Hyderabad- 500 029, A. P. as cost auditors to carry out the Cost Audit for the Financial Year 2012-13.

### 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**.

### AUDITORS REPORT

With regard to Point No. ix (a) of Annexure to Auditors' Report, there have been slight delays in remitting the Provident fund, Employees State Insurance, Service Tax, Income Tax, Excise duty and Sales tax due to administrative reasons.

### CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance along with Company Secretary Certificate on its compliance, certificate of the Chairman regarding adoption of Code of Conduct and Certificate by the Chairman and Vice President (Operations) 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.

The Ministry of Corporate Affairs has announced the Corporate Governance Voluntary Guidelines 2009. The preamble mentioned about good practices for adoption by the Companies, which are in addition to the existing ones and recommendatory in nature.



## Gayatri BioOrganics Limited

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Your Company has reviewed the above guidelines to ensure the adherence of the same voluntarily to the extent possible, in line with the requirements. Accordingly, the recommendatory voluntary guideline pertaining to the tenure of Independent Director for a period not exceeding 6 years, the attention of the members drawn to the fact that in your Company the tenure of Sri P. Maruthi Babu and Sri. T.G. Pandya, as Independent Directors was crossed the recommendatory limit of 6 years. However, the Board felt the valuable guidance and contributions made by both the directors during their tenure as Independent directors in the growth of the Company are invaluable and decided to avail their guidance and wisdom for some more time for the better performance of the Company in the years to come. Hence, the Company could not able to adhere to the above referred recommendatory Corporate Governance Voluntary Guideline for the time being.

### **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, 2012, 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, 2012 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 Financial Institutions, Bankers, Shareholders, Government Agencies, Suppliers, Customers and the Employees of the Company for their Co-operation and support during the year.

**By Order of the Board**

Place: Hyderabad  
Date: 13.08.2012

**T. Sandeep Kumar Reddy**  
**Chairman**

## 21st Annual Report 2011-2012

### 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 2012.

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

#### A. CONSERVATION OF ENERGY

<b>A. POWER AND FUEL CONSUMPTION</b>	<b>Current Year 2011-12</b>	<b>Previous Year 2010-11</b>
<b>1. Electricity</b>		
a) Purchased Unit(Kwh)	<b>1,52,95,225</b>	1,18,14,494
Total Cost (Rs. In lakhs)	<b>637.48</b>	475.04
Rate/Unit Rs.	<b>4.17</b>	4.02
<b>b) Own Generation</b>		
i. Through Diesel Generator:		
Unit(Kwh)	<b>57,085</b>	9,008
Units per Ltr. of Diesel Oil (KWH)	<b>1.16</b>	1.30
Cost/Unit (Rs/KWH)	<b>38.12</b>	31.01
<b>2. HUSK</b>		
Quantity ( MTs)	<b>24,762.14</b>	14,976.41
Total cost (in Rs.in Lakhs)	<b>520.98</b>	379.77
Average cost per Kg (Rs)	<b>2.10</b>	2.54
<b>3. DIESEL OIL</b>		
Quantity (K.ltrs)	<b>57.42</b>	8.47
Total amount (Rs. In Lakhs)	<b>25.46</b>	3.40
Average cost per Ltr (Rs)	<b>44.34</b>	40.19

**FORM - “B”**

#### PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

- A. RESEARCH AND DEVELOPMENT (R&D)** : NIL
- B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION** : NIL

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. FOREIGN EXCHANGE EARNINGS (FOB) : Rs. 2,74,63,666
2. FOREIGN EXCHANGE OUTGO (CIF) : Rs. 27,24,499

**By Order of the Board**

Place: Hyderabad  
Date: 13.08.2012

**T. Sandeep Kumar Reddy**  
**Chairman**