



Gayatri BioOrganics Limited

(Formerly Gayatri Starchkem Limited)

CIN: L24110TG1991PLC013512

25th Annual Report 2015 - 16

25th Annual General Meeting

Day : Wednesday

Date : 28th September 2016

Time : 4.30 P.M.

Venue : “KLN PRASAD AUDITORIUM”

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

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COMPANY INFORMATION

CIN: L24110TG1991PLC013512

Sri T. Sandeep Kumar Reddy

Chairman

Sri. C.V. Rayudu

Executive Director

Smt T. Sarita Reddy

Non Executive Director

Sri T.G. Pandya

Non Executive Independent Director

Sri J. N. Karamchetti

Non Executive Independent Director

Sri. T. R. Rajagopalan

Non Executive Independent Director

STATUTORY AUDITORS:

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

COST AUDITOR:

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

SECRETARIAL AUDITOR :

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

**REGISTRAR AND SHARE
TRANSFER AGENT :**

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

**REGISTERED OFFICE & INVESTOR
RELATION DEPT :**

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

FACTORY :

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

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NOTICE

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

ORDINARY BUSINESS:

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

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

SPECIAL BUSINESS:

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

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

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

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

5. ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

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

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

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

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

Clause V - Memorandum of Association

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

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

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

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

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

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

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

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

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

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

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

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

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

"RESOLVED FURTHER THAT:

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

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

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

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

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

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

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

By Order of the Board

Place: Hyderabad
Date: 29.08.2016

T. Sandeep Kumar Reddy
Chairman

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Forms in order to be effective must be received at the company's registered office not less than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.
4. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. The Register of Members and the Share Transfer Books will remain closed from Saturday, 24th September, 2016 to Wednesday, 28th September, 2016 (both days inclusive).
6. The Members are requested to intimate immediately any change in their address to the Company at the Registered Office or M/s Venture Capital and Corporate Investments Private Limited, #12-10-167, Bharat Nagar, Hyderabad 500018.
7. Members desiring any information as regards the Accounts are requested to write to the Company not less than seven days before the date of the meeting to enable the Management to keep the information ready at the meeting.
8. Members / Proxies are requested to bring their Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Copies of Annual Reports will not be provided at the meeting.
9. Members having physical shares are requested to notify immediately changes, if any, in their addresses to the Company, duly quoting their folio number. However, members holding shares in demat mode are requested to approach their respective Depository Participants for updating the change of address.
10. The annual report for the financial year 2015-16 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. www.gayatribioorganics.com. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2015-16, free of cost, upon sending a request to the Company Secretary at #6-3-1090, B-Block, 3rd Floor, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
11. The Company is providing an opportunity to its member to register their e-mail address and changes therein and such request shall be made by only those members who have not get their e-mail ID's recorded as to update a fresh e-mail ID and not from the members whose e-mail IDs are already registered.
12. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a listed Company to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions to be passed at General Meetings. The Company is pleased to offer remote e-voting facility as an alternate, for all its Members to enable them to cast their vote electronically.

In case a Member desires to exercise his vote by using remote e-voting facility then he has to carefully follow the instructions as given for E-Voting. He can use the facility and log in any number of times till he has voted on the Resolution or till the end of the voting period whichever is earlier.
13. Mr. Harinath Punna, Practicing Company Secretary (Membership No. A41967) has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for all the businesses in a fair and transparent manner.

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

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

ITEM NO. 4:

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

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

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

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

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

ITEM NO. 5&6:

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

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

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

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

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

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

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

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

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

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

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

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