



# Gayatri

## Bio Organics Limited

(Formerly Gayatri Starchkem Limited)

*18th Annual Report 2008 - 09*

**BOARD OF DIRECTORS**

<b>Sri T. Sandeep Kumar Reddy</b>	<i>Chairman</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>Sri Parth Dashrathlal Gandhi</b>	<i>Director</i>
<b>Sri Jayendra N. Shah</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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**COMPANY SECRETARY**

**K.S.V.S. Sastry**

**AUDITORS:**

M/s. BSR and Associates  
Chartered Accountants  
Reliance Humsafar  
IV floor, Road No:11  
Banjara Hills  
Hyderabad - 500034

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

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

**FACTORY:**

NH-9, Nandikandi Village  
Sadasivapet Mandal  
Medak District  
Andhra Pradesh - 502 306

# 18th Annual Report 2008-2009

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## NOTICE

NOTICE is hereby given that the **18<sup>th</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 Wednesday, the 23<sup>rd</sup> Day of September, 2009 at 11.00 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 31.03.2009 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 who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. Jayendra Natwarlal Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri. Parth Dasharathlal Gandhi who retires by rotation and being eligible, offers himself 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 Associates, Chartered Accountants, 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 of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration."

**By Order of the Board**

Sd/-

**T. Sandeep Kumar Reddy**  
Chairman

Place: Hyderabad  
Date: 30.07.2009

## 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 18<sup>th</sup> September, 2009 to 23<sup>rd</sup> September 2009 (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.

# 18th Annual Report 2008-2009

## DIRECTORS' REPORT

To  
The Members of  
Gayatri BioOrganics Limited

Your Directors present the Eighteenth Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the period ended 31st March, 2009.

### FINANCIAL RESULTS

	(Rs. in lakhs)	
	31.03.2009	31.03.2008
Income from Operation	4,690.52	4,221.02
Other Income	91.30	56.47
<b>TOTAL</b>	<b>4,781.82</b>	<b>4,277.49</b>
Total Expenditure		
(Including prior period Adj.A/c)	4,776.62	4,191.04
Finance Charges	52.07	9.85
Gross Profit/(Loss) after finance charge	(46.87)	76.60
(But before depreciation and taxation)		
Depreciation	(286.48)	(275.74)
Extra ordinary Items	—	735.42
Provision for Taxation	(1.80)	1.59
Net Profit / (Loss)	(335.15)	534.69

### PERFORMANCE DURING THE YEAR UNDER REVIEW

#### SORBITOL DIVISION

You may be aware that the Sorbital plant was put in back into service and the Company produced 6726 MTs during the Financial Year ended 31<sup>st</sup> March, 2009 which is nearly 79 % of the installed capacity. The Management is also considering to enhance the capacity of the existing plant from 30 TPD to 60 TPD.

#### STARCH DEPARTMENT

Even though the performance of Starch plant is slightly lower when compared to previous year, there is still scope for improvement if the market conditions are more conducive and there is enough working capital. The Company crushed 32,936 MTs maize as against 34,218 MTs maize during the previous year. Because of the market conditions the cash profit is Rs. 3.40 lakhs against last year cash profit of Rs. 84.85 lakhs without considering financial charges. During the year the starch Drying Capacity is enhanced from 45 MT to 90 MT. The Management is considering to invest Rs.2 crores in strengthening the existing plant which enables the company to achieve the production of 100% Installed Capacity.

#### EXPORTS

The Company did not do any exports during the year since the prices in international markets continue to be unremunerative and the domestic price of sorbitol is remunerative.

## OUTLOOK FOR THE FINANCIAL YEAR 2009-10

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.

The Hon'ble BIFR approved the rehabilitation package filed with it and passed the final order with regard to Rehabilitation package which has included various grants, reliefs and concessions with various departments of both Central and State Government. And the Company is approaching different government authorities to seek the grants, reliefs and concessions as directed by Hon'ble BIFR in the Rehabilitation Package.

The Management proposes to enhance the capacity of Maize crushing plant, Sorbitol plant and add facilities for distillery as a part of revival plan. The Management is also considering to enhance the capacity of the existing Sorbitol plant from 30 TPD to 60 TPD and to enhance the capacity of the existing Starch plant from 150 TPD to 350 TPD. And the Management proposes to set up a 50KL per day capacity distillery plant for manufacture of ENA from maize starch.

## 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 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 company does not see any opportunities but has been facing the threat of import of Sorbitol.

### c. Out look

The outlook for the company's products is reasonably good but the management feels that the company can achieve better results only if it can reach its full capacities which is possible only when the company is provided with sufficient working capital.

### 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 else where in this report, in the near future.

### 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 about 250 people both in 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.

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## 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 **Bombay Stock Exchange Limited**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
- (b) The Company paid Listing fees for the year 2009-10 to Bombay Stock Exchange Limited.

Members are hereby informed that the BSE revoked the suspension in trading of equity shares and the Company's shares are trading in the BSE.

## DIRECTORS

Sri T. Sandeep Kumar Reddy who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

Sri Jayendra Natwarlal Shah who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

Sri Parth Dasharathlal Gandhi who retires by rotation at the ensuing Annual General Meeting is eligible for reappointment and offered himself for re appointment.

## APPOINTMENT OF AUDITORS

The Members are requested to consider the re-appointment of M/s. B S R and Associates, 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 Mr. S.P. SARMA Cost Accountant, Plot No. 83, Hasthinapuram (south) Hyderabad- 500 079, A. P. as cost auditors for the financial year 2009-10.

## 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 14 of Annexure to Auditors' Report pertaining to Internal Audit System, the Company has appointed Internal Auditors for the Financial year 2009-2010.

With regard to Point 16 pertaining to default of deposit of amounts to Provident Fund, Employees State Insurance, Income Tax, Sales Tax and Professional Tax within the stipulated time is due to lack of funds. However, there were no outstanding dues to above Authorities as on date. With regard to undisputed dues to Sales Tax and Service tax is due to working capital constraints. The Company will pay the dues once the funds are available.

## **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.

## **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, 2009, 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, 2009 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 and all the Employees of the Company for their Co-operation and support during the year.

**By Order of the Board**

Sd/-

**T. Sandeep Kumar Reddy**

Chairman

Place: Hyderabad  
Date: 30.07.2009



**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 2009

**FORM - "A"****PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.****A. POWER AND FUEL CONSUMPTION**

Sl.No.	POWER AND FUEL CONSUMPTION	Current Year 2008-09	Previous Year 2007-08
1.	<b>Electricity</b>		
a)	Purchased Unit(Kwh)	<b>84,04,250</b>	82,86,600
	Total Cost (Rs. In lakhs)	<b>278.83</b>	273.65
	Rate/Unit Rs.	<b>3.32</b>	3.30
b)	Own Generation		
i.	Through Diesel Generator:		
	Unit(Kwh)	<b>9,032</b>	8,228
	Units per Ltr. of Diesel Oil (KWH)	<b>3.28</b>	1.95
	Cost/Unit (Rs/KWH)	<b>11.67</b>	17.41
2.	HUSK		
	Quantity ( MTs)	<b>11,415.60</b>	12,769.22
	Total cost (in Rs.in Lakhs)	<b>263.15</b>	222.16
	Average cost per Ltr (Rs)	<b>2.31</b>	1.74
3.	DIESEL OIL		
	Quantity (K.ltrs)	<b>2.75</b>	6.00
	Total amount (Rs. In Lakhs)	<b>1.05</b>	2.04
	Average cost per Ltr (Rs)	<b>38.32</b>	34.02

**FORM - "B"****PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

A.	RESEARCH AND DEVELOPMENT (R&D)	NIL
B.	TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION	NIL
C.	<b>FOREIGN EXCHANGE EARNINGS AND OUTGO:</b>	
1.	FOREIGN EXCHANGE EARNINGS (FOB)	NIL
2.	FOREIGN EXCHANGE OUTGO (CIF)	NIL

**By Order of the Board**

Sd/-

**T. Sandeep Kumar Reddy**  
Chairman

Place: Hyderabad  
Date: 30.07.2009

## **ANNEXURE - 'B' TO DIRECTORS REPORT**

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008-09**

(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 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 trusty 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 Eight directors as follows:

##### **Board of Directors**

Sri T. Sandeep Kumar Reddy  
Sri P. Maruthi.Babu  
Sri T.G.Pandya  
Sri J. N. Karamchetti  
Sri. Parth D. Gandhi  
Sri. Jayendra N. Shah  
Smt. T. Sarita Reddy  
Sri. T.R. Rajagopalan

Chairman & Promoter Director  
Non Executive & Independent Director  
Non Executive & Independent Director  
Non Executive & Independent Director  
Non Executive & Nominee Director  
Non Executive & Nominee Director  
Non Executive & Promoter Director  
Non Executive & Independent Director

The following table shows the composition of directors and their attendance at the board meetings held on the dates below mentioned and the last Annual General Meeting was held on 24<sup>th</sup> September 2008

Name	Category	Board Meetings Attended	Attendance at the last AGM	No. of Director-ships held in other Companies	
				Public	Private
Sri. T. Sandeep Kumar Reddy	Promoter-Chairman	4	Yes	10.	25
Sri T.G.Pandya	Non -Executive & Independent Director	4	Yes	NIL	NIL
Sri. P. Maruthi Babu	Non-Executive & Independent Director	4	Yes	4	6
Sri. J.N. Karamchetti	Non-Executive & Independent Director	2	Yes	NIL	NIL
Sri. Parth D. Gandhi	Non Executive & Independent Director	3	No	2	3
Sri. Jayendra N. Shah	Non Executive & Independent Director	2	No	2	4
Smt. T. Sarita Reddy	Non Executive & Promoter Director	NIL	No	5	17
Sri. T.R. Rajagopalan	Non Executive & Independent Director	2	No	2	2

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## **(b) Board Meetings held during the year 2008-2009:**

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 2008-2009 the Board Meeting was held Four times as follows:

<b>S.No</b>	<b>Date of Board Meeting</b>
1.	24 <sup>th</sup> May, 2008
2.	31 <sup>st</sup> July, 2008
3.	31 <sup>st</sup> October 2008
4.	30 <sup>th</sup> January, 2009

## **(c) Details of Directors seeking appointment /re-appointment as required under clause 49 of the listing agreement**

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

Sri T. Sandeep Kumar Reddy, Sri Jayendra Natwarlal Shah and Sri Parth Dasharathlal Gandhi retire by rotation in this Annual General Meeting and being eligible offers themselves for reappointment.

### **A brief resume about the Directors:**

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

Sri. T. Sandeep Kumar Reddy aged about 45 years 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.

#### **Sri Jayendra Natwarlal Shah:**

Sri. Jayendra Natwarlal Shah is a Fellow of the Institute of Chartered Accountants (FCA), India and also did B.A. (Economics) from Bombay University, India. He is a senior partner with N.A. Shah Associates, a multidisciplinary Chartered accountancy and professional services firm based in Mumbai, India for 24 years. He has Extensive experience in financial advisory, due diligence, mergers and acquisitions, corporate restructurings, negotiations and internal audits for Companies and Investment Funds. He also has strong experience in transaction advisory, negotiations and cross-border transactions and established track-record of extracting value from stressed and distressed companies.

#### **Sri Parth Dasharathlal Gandhi:**

Sri Parth Dasharathlal Gandhi is a graduate of the University of Bombay (BS degree, with honors, in Electrical and Computer Engineering) and Michigan State University (MBA). Mr. Gandhi was a Senior Manager in the Strategy & Transformation practice of Cap Gemini Ernst and Young where he led several engagements in CRM Strategy and corporate strategy development for Fortune 500 firms. Mr. Gandhi serves on different boards as director of the Company.

### 3 Audit Committee

The Audit Committee constituted by the Board of Directors consists of three Non-Executive independent directors and one Nominee director, namely:

Sri P. Maruthi Babu	Chairman of the committee
Sri T.G.Pandya	Member
Sri Parth D Gandhi	Member
Sri T.R. Rajagopalan	Member

Sri. T.R. Rajagopalan was nominated to Audit Committee by the Board in their Meeting held on 30<sup>th</sup> January, 2009. The Constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956

The responsibilities of the Audit Committee are as defined 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 Four times during the financial year 2008-2009 on 24<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008 and 30<sup>th</sup> January, 2009.

### 4. Remuneration Committee

The Company does not have any remuneration committee. Since the Company is incurring losses, no remuneration is paid to the directors except the sitting fees for the board meetings attended.

### 5. Share Transfer Committee

The Company has a Share Transfer Committee comprises of Sri T. Sandeep Kumar Reddy, Sri P. Maruthi Babu and Sri. T.G. Pandya.

The Committee is looking after the matters of transfer and transmission of shares and issue of duplicate share certificates. The Committee has been meeting at regular intervals.

### 6. Annual General Meetings

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

Year	Venue	Day and Date	Time
2005- 2006	K.L.N. PRASAD AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Wednesday 27 <sup>th</sup> September, 2006	11.00 A.M
2006-2007	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Thursday 27 <sup>th</sup> September, 2007	3.00 P.M
2007-2008	SURANA UDYOG AUDITORIUM FAPCCI Building, Federation House, Red Hills, Hyderabad – 500 004	Wednesday 24 <sup>th</sup> September, 2008	3.00 P.M

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## 7. Disclosures

### a) Means of Communication

The quarterly/ annual un audited/ audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board of Directors and the same were published in leading English and Telugu News Papers.

The Management Discussion and Analysis forms part of the Annual Report.

### 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 of the 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) Annual General Meeting

Day : Wednesday  
Date : 23rd September, 2009  
Time : 11.00 A.M.  
Venue : Surana Udyog Auditorium  
"FAPCCI" Building, Federation House,  
H.No: 11-6-841, Red Hills, Hyderabad - 500 004.

#### ii) Financial Calendar

Annual General Meeting : September, 2009

Unaudited results for the

- Quarter ending 30<sup>th</sup> June, 2009 : July, 2009  
- Quarter ending 30<sup>th</sup> September, 2009 : October, 2009  
- Quarter ending 31<sup>st</sup> December, 2009 : January, 2010

iii) Date of Book closure : 18<sup>th</sup> September, 2009 to 23<sup>rd</sup> September, 2009

iv) Dividend : No dividend was recommended

#### v) Listing on Stock Exchanges:

Bombay Stock Exchange Limited,  
P J Towers, Dalal Street, Mumbai - 400 001.

**vi) 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.

**vii) Dematerialization of Shares and liquidity**

ISIN No : **INE 052 E 01015.**

Depository Connectivity : **CDSL & NSDL**

**viii) Distribution of Shareholding as on 31<sup>st</sup> March, 2009**

S.No	Category	Shareholders		Amount (In Rs.)	% of Holding
		Nos.	%		
1.	upto - 5000	19,804	93.64	3,04,77,400	7.02
2.	5001 - 10,000	952	4.50	75,48,000	1.73
3.	10,001 - 20,000	260	1.22	38,17,000	0.87
4.	20,001 - 30,000	53	0.25	13,46,000	0.31
5.	30,001 - 40,000	16	0.07	5,51,000	0.12
6.	40,001 - 50,000	18	0.08	8,84,000	0.20
7.	50,001 - 1,00,000	19	0.09	15,09,000	0.34
8.	1,00,001 & Above	25	0.11	38,78,67,500	89.37
		<b>21,147</b>	<b>100.00</b>	<b>43,39,99,900</b>	<b>100.00</b>

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

Shareholders	As on 31 <sup>st</sup> March, 2009		As on 31 <sup>st</sup> March, 2008	
	No. of shares	%	No. of shares	%
Promoters	<b>1,84,99,990</b>	<b>42.63</b>	1,84,99,990	42.63
Financial institutions and Banks	<b>15,19,300</b>	<b>3.50</b>	15,19,300	3.50
Private Corporate Bodies	<b>88,500</b>	<b>0.20</b>	86,700	0.20
Foreign Venture Capital Investor	<b>1,84,99,990</b>	<b>42.63</b>	1,84,99,990	42.63
Indian Public	<b>3,8,11,510</b>	<b>8.78</b>	38,10,310	8.77
NRI/OCB	<b>9,80,700</b>	<b>2.26</b>	9,83,700	2.27
<b>Total</b>	<b>4,33,99,990</b>	<b>100.00</b>	<b>4,33,99,990</b>	<b>100.00</b>

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

The Company does not have above instruments.

**xi) Plant Location**

NH-9, Nandikandi Village, Sadasivapet Mandal  
Medak District, Andhra Pradesh – 502 306.

**xii) Address for Correspondence**

Secretarial Department,  
Gayatri BioOrganics Limited,  
6-3-1091/C/A/1, Lovely Mansion,  
Rajbhavan Road, Somajiguda  
Hyderabad – 500 082.

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.

**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 of  
**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, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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.

For Gayatri BioOrganics Limited

Place : Hyderabad  
Date : 30-07-2009

Sd/-  
**P.S.Rao**  
Practicing Company Secretary  
C.P. No. 3829

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**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.

For Gayatri BioOrganics Limited

Place : Hyderabad  
Date : 30-07-2009

Sd/-  
**T. Sandeep Kumar Reddy**  
Chairman



## 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, 2009 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

Sd/-  
**C.V. Rayudu**  
Vice President (Operations)

Sd/-  
**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 26.05.2009

**AUDITORS' REPORT**

To  
The Members,  
**GAYATRI BIOORGANICS LIMITED,**  
Hyderabad

1. We have audited the attached balance sheet of **Gayatri BioOrganics Limited** ("the Company") as at 31 March 2009, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 4 of schedule 21 in the financial statements. The Company has incurred a net loss of Rs. 33,514,416 during the year ended 31 March 2009 and as of that date, the accumulated losses have exceeded its equity share capital. These factors along with other matter as set forth in Note 4 of Schedule 21 prima facie raises doubt about the Company's ability to continue as a going concern however the mitigating factors, particularly the ongoing implementation of Rehabilitation Scheme, sanctioned by the Board of Industrial and Financial Reconstruction (BIFR), causes us to believe that the going concern assumption is appropriate.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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;
  - (ii) 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;
  - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) on the basis of written representations received from the directors, as on 31 March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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(vi). in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;
- b. in the case of the profit and loss account, of the loss for the year ended on that date; and
- c. in the case of cash flow statement, of the cash flows for the year ended on that date.

for **B S R and Associates**  
Chartered Accountants

Sd/-  
**Zubin Shekary**  
Partner  
Membership No: 48814

Place : Hyderabad  
Date : 26 May 2009

**ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in paragraph 3 of our report of even date to the members of Gayatri BioOrganics Limited:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets were verified during the year and no material discrepancies were noted on such verification.
3. No fixed assets were disposed off during the year and accordingly paragraph 4(i)(c) of the Order is not applicable.
4. The inventory, except for stocks lying with third parties amounting to Rs. 3,267,465, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with the third parties at the year-end, written confirmations have been obtained for stocks wherever significant.
5. The procedures for the 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.
6. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
7. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
8. The Company has taken loans from other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 40,633,990 and the year-end balance of such loans was Rs. 37,539,154.
9. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from 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.
10. In the case of loans taken from other parties listed in the register maintained under section 301, the company has been regular in repaying the principal amounts as stipulated and in the payment of interest.
11. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of our audit.
12. 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 the register required to be maintained under that section. 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 rupees five lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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13. The Company has not accepted any deposits from the public.
14. *The Company does not have an internal audit system.* However the Company has appointed an internal auditor subsequent to year end.
15. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and 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.
16. According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company *has not been regular in depositing amount deducted/accrued in the books of accounts with the appropriate authorities in respect of provident fund, employees' state insurance, income-tax, sales-tax and professional tax.* According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including excise duty, service tax, customs duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the provisions of investor education and protection fund and wealth tax are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

According to the information and explanations given to us, *except for undisputed amount payable in respect of sales tax (Rs 1,626,382) and service tax (Rs 86,267) which are outstanding for more than six months,* there are no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, customs duty, excise duty, cess and other material statutory dues that were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

17. According to the information and explanations given to us, there are no dues of income tax, service tax, excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the provisions of wealth tax are not applicable to the Company. According to the information and explanations given to us, the following dues of sales-tax and customs duty have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956	Sales tax	214,322 (excluding interest)	Financial year 2003-04	Appellate Tribunal Hyderabad
The Central Excise	Customs duty	72,388,910 (amount paid under protest Rs. 3,700,000)	Financial year 1994-95	CESTAT- Bangalore

18. The Company has accumulated losses at the end of the financial year which exceeds fifty per cent of its net worth. The Company has incurred cash losses in the current financial year. No cash losses were incurred in the immediately preceding financial year.

19. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers and to any financial institutions during the year.
20. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
21. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
22. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
23. 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.
24. According to the information and explanation given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
25. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
26. According to the information and explanation given to us the Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
27. The Company did not have any outstanding debentures during the year.
28. The Company has not raised any money by public issues during the year.
29. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**for B S R and Associates**  
*Chartered Accountants*

Sd/-  
**Zubin Shekary**  
*Partner*  
Membership No: 48814

Place : Hyderabad  
Date : 26 May 2009

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## BALANCE SHEET AS AT 31st MARCH, 2009

PARTICULARS	SCH	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	2	81,78,13,400	81,78,13,400
Reserves and surplus	3	10,00,000	10,00,000
		<b>81,88,13,400</b>	81,88,13,400
<b>Loan Funds</b>			
Secured loans	4	63,52,305	8,53,817
Unsecured loans	5	3,75,39,154	1,00,02,155
		<b>86,27,04,859</b>	82,96,69,372
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>	6		
Gross block		62,09,70,929	60,20,73,205
Less: Accumulated depreciation		31,83,48,230	28,97,00,238
Net block		30,26,22,699	31,23,72,967
Capital work in progress		63,71,730	54,15,806
		<b>30,89,94,429</b>	31,77,88,773
<b>Investments</b>	7	15,000	15,000
<b>Current assets, loans and advances</b>			
Inventories	8	5,33,93,075	3,83,44,443
Sundry debtors	9	7,27,31,141	4,08,97,870
Cash and bank balances	10	73,08,214	2,20,65,952
Loans and advances	11	1,40,12,605	86,39,934
		<b>14,74,45,035</b>	10,99,48,199
<b>Current liabilities and provisions</b>			
Current liabilities	12	7,36,61,078	4,72,68,100
Provisions	13	70,47,337	42,58,894
		<b>8,07,08,415</b>	5,15,26,994
<b>Net current assets</b>		<b>6,67,36,620</b>	5,84,21,205
Debit balance in profit and loss account		48,69,58,810	45,34,44,394
		<b>86,27,04,859</b>	82,96,69,372
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	21		
The Schedules referred to above form an integral part of the Balance Sheet			

As per our report attached  
for **B S R and Associates**  
Chartered Accountants

for **Gayatri BioOrganics Limited**

Sd/-  
**Zubin Shekary**  
Partner  
Membership No.: 48814

Sd/-  
**K S V S Sastry**  
Company Secretary

Sd/-  
**P. Maruthi Babu**  
Director

Sd/-  
**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 26 May 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

PARTICULARS	SCH	Year Ended 31st March 2009 Rs.	Year Ended 31st March 2008 Rs.
<b>INCOME</b>			
Sales, gross		49,22,29,968	42,13,92,388
Less: Excise duty on sales		(2,31,77,522)	(1,47,51,611)
Sales, net		46,90,52,446	40,66,40,777
Other income	14	91,29,764	56,47,277
		<b>47,81,82,210</b>	<b>41,22,88,054</b>
<b>EXPENDITURE</b>			
Material Costs	15	38,09,61,141	31,85,71,044
(Increase) / decrease in inventories of finished goods and work in progress	16	21,17,710	(1,06,42,551)
Personnel expenses	17	3,49,89,843	2,96,57,677
Manufacturing expenses	18	4,00,62,737	3,88,26,570
Administrative and selling expenses	19	1,95,30,755	2,72,30,320
Finance charges	20	52,06,532	9,84,946
Depreciation	6	2,86,47,992	2,75,73,839
		<b>51,15,16,710</b>	<b>43,22,01,845</b>
<b>Profit/ (loss) before tax</b>		<b>(3,33,34,500)</b>	<b>(1,99,13,791)</b>
Extra ordinary items	21(4)	—	7,35,41,715
<b>Profit / (loss) after extraordinary items and before tax</b>		<b>(3,33,34,500)</b>	<b>5,36,27,924</b>
<b>Provision for tax</b>			
Current tax		—	—
Deferred tax expense/(benefit)	21 (3)	—	—
Fringe benefit tax		1,79,916	1,59,161
<b>Profit/ (loss) after tax</b>		<b>(3,35,14,416)</b>	<b>5,34,68,763</b>
Balance in profit and loss account brought forward		(45,34,44,394)	(50,69,13,157)
<b>Balance in profit and loss account carried forward to the balance sheet</b>		<b>(48,69,58,810)</b>	<b>(45,34,44,394)</b>
<b>Earnings per share</b>			
Basic and diluted - Par value Rs.10 per share	21 (5)	(1.39)	(1.22)
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	21		
The Schedules referred to above form an integral part of the profit and loss account			

As per our report attached  
for **B S R and Associates**  
Chartered Accountants

for **Gayatri BioOrganics Limited**

Sd/-  
**Zubin Shekary**  
Partner  
Membership No.: 48814

Sd/-  
**K S V S Sastry**  
Company Secretary

Sd/-  
**P.Maruthi Babu**  
Director

Sd/-  
**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 26 May 2009



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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

PARTICULARS	Year Ended 31st March 2009 Rs.	Year Ended 31st March 2008 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(3,33,34,500)	5,36,27,924
Adjustments:		
Depreciation	2,86,47,992	2,75,73,839
Interest income	(2,64,713)	(2,40,821)
Interest expense	48,15,082	7,62,739
Term liabilities and Working Capital loans of Banks/Financial institutions written off under one time settlement (OTS).	—	(7,35,41,715)
Provision for doubtful debts	—	2,76,633
Provision for diminution in value of investments	—	6,540
Loss on sale of fixed assets	—	1,23,003
Operating cash flows before working capital changes and other assets		
(Increase) / decrease in inventories	(1,50,48,632)	(1,52,93,105)
(Increase)/ decrease in sundry debtors	(3,18,33,271)	(1,22,59,371)
Increase in loans and advances	(53,48,739)	(22,02,897)
(Decrease)/increase in current liabilities and provisions	2,99,15,025	(4,15,43,234)
Cash generated from operations	(2,24,51,756)	(6,27,10,465)
Income taxes paid, net	(1,79,159)	(1,60,293)
<b>Net cash provided by operating activities</b>	<b>(2,26,30,915)</b>	<b>(6,28,70,758)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,09,66,213)	(1,70,24,958)
Proceeds from sale of fixed assets	—	2,77,026
Interest received	2,40,782	2,17,272
Interest paid	(93,910)	(35,982)
<b>Net cash provided by / (used in) investing activities</b>	<b>(2,08,19,341)</b>	<b>(16,566,642)</b>
<b>Cash flows from financing activities</b>		
Conversion of unsecured loans into Equity Shares	—	56,88,13,400
Proceeds from long term borrowings	2,89,82,535	(48,21,09,283)
Proceed/repayment of finance /lease liabilities	(2,90,017)	6,68,698
<b>Net cash used in financing activities</b>	<b>2,86,92,518</b>	<b>8,73,72,815</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,47,57,738)</b>	<b>79,35,415</b>
Cash and cash equivalents at the beginning of the year. (Note 1)	2,20,65,952	1,41,30,537
<b>Cash and cash equivalents at the end of the year</b>	<b>73,08,214</b>	<b>2,20,65,952</b>
<b>Notes:</b>		
1. Cash and cash equivalents comprise:		
Cash on hand	7,33,872	6,39,855
Cheques on hand	13,46,260	—
Balances in		
Current accounts	52,28,082	2,14,26,097
	<b>73,08,214</b>	<b>2,20,65,952</b>

As per our report attached  
for **B S R and Associates**  
Chartered Accountants

for **Gayatri BioOrganics Limited**

Sd/-  
**Zubin Shekary**  
Partner  
Membership No.: 48814

Sd/-  
**K S V S Sastry**  
Company Secretary

Sd/-  
**P.Maruthi Babu**  
Director

Sd/-  
**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 26 May 2009

## SCHEDULES FORMING PART OF ACCOUNTS

### SCHEDULE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis in accordance with the Indian Generally Accepted Accounting Principles (Indian GAAP). GAAP comprises of accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India. The financial statements are presented in Indian rupees.

#### 2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 3. 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.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets acquired but not ready for their intended use before such date are disclosed as capital work-in-progress.

Depreciation on fixed assets is provided using the straight-line method based on the rates specified in Schedule XIV of the Companies Act, 1956. In the opinion of management, the rates specified in Schedule XIV reflect the economic useful lives of these assets. Depreciation is calculated on a pro-rata basis from/up to the date the assets are purchased/sold. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of acquisition.

#### 4. Investments

Long-term investments 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 market value. The comparison of cost and fair value is done separately in respect of each category of investment.

#### 5. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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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

## 6. Employee benefits

Contributions to the recognised provident fund and superannuation scheme, which are defined contribution schemes, are charged to the profit and loss account.

Employee gratuity and long term compensated absences, which are defined benefits, are accrued based on the actuarial valuation at the balance sheet date and are charged to profit and loss account. All actuarial gains and losses arising during the year are recognized in the profit and loss account.

## 7. Revenue recognition

Revenue is recognized 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 recognized 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*

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

## 8. 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 profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date and not covered by forward exchange contracts are translated at the year end rates. The resultant exchange differences are recognised in the profit and loss account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

## 9. Income Tax

Income tax expense comprises current tax, deferred tax and fringe benefit tax.

### *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.

## *Fringe benefit tax*

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses the FBT in accordance with the provisions of Section 115 WC of the Income Tax Act, 1961 and guidance note on FBT issued by the ICAI.

## **10. Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. 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 period, 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.

## **11. 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 for 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.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

## **12. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that any assets 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 to 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 recognized in the profit and loss account. 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.

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## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
<b>SCHEDULE 2: SHARE CAPITAL</b>		
<i>Authorised</i>		
51,000,000 (previous year: 51,000,000) equity shares of Rs.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 Rs.100 each	<b>39,00,00,000</b>	39,00,00,000
	<b>90,00,00,000</b>	90,00,00,000
<i>Issued, subscribed and paid-up</i>		
43,399,990 (previous year: 43,399,990) equity shares of Rs.10 each	<b>43,39,99,900</b>	43,39,99,900
3,838,135 (previous year: 3,838,135) 6% cumulative redeemable optionally convertible preference shares of Rs.100 each	<b>38,38,13,500</b>	38,38,13,500
	<b>81,78,13,400</b>	81,78,13,400

The Company has issued 3,838,135 outstanding 6% Cumulative Redeemable Convertible Preference Shares of Rs.100 each to the Promoters on 12 September 2007. Out of these shares 752,500 shares shall be converted after the expiry of a period of thirty six months at par and 3,085,635 shares shall carry the option of being converted at the option of the holder into ordinary Equity Shares of the Company after the expiry of a period of sixty months at a price to be determined in accordance with the then prevailing SEBI (DIP) guidelines or can be redeemed by the Company at par end of year 5, 6, 7 and 8 from the date of allotment.

### SCHEDULE 3: RESERVES AND SURPLUS

Central subsidy	<b>10,00,000</b>	10,00,000
	<b>10,00,000</b>	10,00,000

### SCHEDULE 4: SECURED LOANS

From banks		
Cash credit*	<b>57,88,500</b>	
Term Loans-Vehicles**	<b>5,63,805</b>	8,53,817
	<b>63,52,305</b>	8,53,817

\* Cash credit facility is secured against the pledge of maize stock carrying an interest rate of the Bank's PLR - 2.75%, presently 13% per annum.

\*\* Against hypothecation of vehicles.

### SCHEDULE 5: UNSECURED LOAN

From a Director	<b>3,75,39,154</b>	1,00,02,155
	<b>3,75,39,154</b>	1,00,02,155

[of the above, an amount of Rs. 10,002,155 carries no interest. The balance amount of Rs. 27,600,000 carries interest at the rate of 15% per annum. The loan does not have fixed repayment terms and will be repaid subject to the Company having adequate cash profits.]

**SCHEDULE - 6**  
**FIXED ASSETS**

S. NO.	PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
		AS AT 1 April 08 Rs.	Additions during the Year Rs.	DELE- TIONS Rs.	AS AT 31-Mar-09 Rs.	AS AT 1 April 08 Rs.	Charge for the Year Rs.	DELE- TIONS Rs.	AS AT 31-Mar-09 Rs.	AS AT 31-Mar-09 Rs.	AS AT 31-Mar-08 Rs.
1	Land (freehold)	1,13,10,686	—	—	1,13,10,686	—	—	—	—	1,13,10,686	1,13,10,686
2	Buildings	15,03,38,344	12,69,406	—	15,16,07,750	5,13,74,261	50,41,446	—	5,64,15,707	9,51,92,043	9,89,64,083
3	Plant and machinery	42,77,37,163	1,73,77,084	—	44,51,14,247	22,96,60,400	2,30,75,818	—	25,27,36,218	19,23,78,029	19,80,76,763
4	Computers	26,09,671	66,020	—	26,75,691	23,81,749	27,154	—	24,08,903	2,66,788	2,27,922
5	Office Equipment	22,42,168	1,25,750	—	23,67,918	11,46,793	1,08,283	—	12,55,076	11,12,842	10,95,375
6	Furniture and fittings	25,99,627	59,464	—	26,59,091	19,87,934	1,67,315	—	21,55,249	5,03,842	6,11,693
7	Air conditioners	3,82,357	—	—	3,82,357	1,97,769	18,162	—	2,15,931	1,66,426	1,84,588
8	Vehicles	48,53,189	—	—	48,53,189	29,51,332	2,09,814	—	31,61,146	16,92,043	19,01,857
<b>Total</b>		60,20,73,205	1,88,97,724	—	62,09,70,929	28,97,00,238	2,86,47,992	—	31,83,48,230	30,26,22,699	31,23,72,967
Previous year		58,69,72,969	1,56,96,161	(5,95,925)	60,20,73,205	26,23,22,295	2,75,73,839	(1,95,896)	28,97,00,238	31,23,72,967	

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PARTICULARS	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
<b>SCHEDULE 7: INVESTMENTS (Long term at cost)</b>		
<b>i. Quoted investments</b>		
<b>Non trade</b>		
3,000 Equity Shares (Face Value Rs. 10) in S.S.Organics Limited	30,000	30,000
<b>ii. Unquoted investments</b>		
<b>Non trade</b>		
7,100 Equity Shares (Face value Rs.10) in East, West Travel and Trade links	2,84,000	2,84,000
1,000 Equity Shares (Face value Rs. 10) in Sri Lakshmi Engg.Limited	26,900	26,900
	<u>3,40,900</u>	<u>3,40,900</u>
less: Provision for diminution	<u>(3,25,900)</u>	<u>(3,25,900)</u>
	<u>15,000</u>	<u>15,000</u>
Aggregate cost of quoted investments	30,000	30,000
Aggregate cost of unquoted investments	3,10,900	3,10,900
Market value of quoted investments	13,500	15,000
<b>SCHEDULE 8: INVENTORIES</b>		
Raw materials	3,15,63,045	1,57,34,518
Stores and spares	48,55,578	35,17,763
Work in process	55,71,078	51,08,699
Finished goods	1,14,03,374	1,39,83,463
	<u>5,33,93,075</u>	<u>3,83,44,443</u>
<b>SCHEDULE 9: SUNDRY DEBTORS</b>		
<i>(Unsecured)</i>		
Debts outstanding for a period exceeding six months		
Considered good	69,32,284	—
Considered doubtful	68,03,426	68,03,246
Other debts		
Considered good	6,57,98,857	4,08,97,870
Considered doubtful	—	—
	<u>7,95,34,567</u>	<u>4,77,01,116</u>
less: Provision for doubtful debts	<u>(68,03,426)</u>	<u>(68,03,246)</u>
	<u>7,27,31,141</u>	<u>4,08,97,870</u>

# Gayatri BioOrganics Limited

PARTICULARS	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
<b>SCHEDULE 10: CASH AND BANK BALANCES</b>		
Cash on hand	7,33,872	6,39,855
Balances with scheduled banks		
-in current accounts	52,28,082	2,14,26,097
Cheques on hand	13,46,260	—
	<u>73,08,214</u>	<u>2,20,65,952</u>
<b>SCHEDULE 11: LOANS AND ADVANCES</b>		
<i>(Unsecured)</i>		
<i>Considered good</i>		
Advances recoverable in cash or kind or value to be received	28,72,310	32,60,336
Balance with excise authorities	41,34,193	10,99,923
Deposits	70,06,102	42,79,675
<i>Considered doubtful</i>		
Advances recoverable in cash or kind or value to be received	37,83,309	37,83,309
Deposits	5,10,000	5,10,000
	<u>1,83,05,914</u>	<u>1,29,33,243</u>
less: Provision for doubtful advances/deposits	<u>(42,93,309)</u>	<u>(42,93,309)</u>
	<u>1,40,12,605</u>	<u>86,39,934</u>
<b>SCHEDULE 12: CURRENT LIABILITIES</b>		
Sundry Creditors		
- total outstanding due to micro and small enterprises (refer note 15 of schedule 21)	15,30,636	19,76,872
- total outstanding due to creditors other than micro and small enterprises	6,53,01,530	3,98,59,371
Advances from customers	27,91,501	24,29,672
Other liabilities	40,37,411	30,02,185
	<u>7,36,61,078</u>	<u>4,72,68,100</u>
<b>SCHEDULE 13: PROVISIONS</b>		
Fringe benefit taxation		
[net of advance tax Rs 455,820 (previous year Rs 276,659)]	19,916	19,162
Gratuity (refer note 12 of schedule 21)	47,28,756	26,16,040
Compensated absences	22,98,665	16,23,692
	<u>70,47,337</u>	<u>42,58,894</u>



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## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

PARTICULARS	For the Year ended 31st March 2009 Rs.	For the Year ended 31st March, 2008 Rs.
<b>SCHEDULE 14: OTHER INCOME</b>		
Interest [(Tax deducted at source Rs. 54,531 (Previous year Rs. 54,570))]	2,64,713	2,40,821
Scrap sales	36,28,753	35,22,561
Sale of husk	33,33,779	18,83,895
Miscellaneous income	19,02,519	—
	<u>91,29,764</u>	<u>56,47,277</u>
<b>SCHEDULE 15: MATERIAL COST</b>		
Raw material consumed		
Opening stock	1,57,34,518	1,15,74,862
Add: Purchases	39,67,89,668	32,27,30,700
	<u>41,25,24,186</u>	<u>33,43,05,562</u>
Less: Closing stock	3,15,63,045	1,57,34,518
	<u>38,09,61,141</u>	<u>31,85,71,044</u>
<b>SCHEDULE 16: (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS</b>		
Opening stock		
Work in progress	51,08,699	35,29,728
Finished goods	1,39,83,463	49,19,883
Less: Closing stock		
Work in progress	55,71,078	51,08,699
Finished goods	1,14,03,374	1,39,83,463
(Increase)/decrease in stock	<u>21,17,710</u>	<u>(1,06,42,551)</u>
<b>SCHEDULE 17: PERSONNEL EXPENSES</b>		
Salaries, wages and bonus	2,65,44,083	2,29,58,223
Contribution to provident and other funds	31,86,567	29,22,279
Gratuity and compensated absences	37,94,403	22,63,264
Staff welfare expenses	14,64,790	15,13,911
	<u>3,49,89,843</u>	<u>2,96,57,677</u>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

PARTICULARS	For the Year ended 31st March 2009 Rs.	For the Year ended 31st March 2008 Rs.
<b>SCHEDULE 18: MANUFACTURING EXPENSES</b>		
Power and fuel	2,78,83,498	2,73,65,012
Repairs and maintenance		
- Building	1,19,735	3,40,968
- Plant and machinery	19,15,266	19,15,767
- Others	4,85,097	4,50,126
Stores and spares	53,01,196	55,66,488
Material handling charges	43,57,945	31,88,209
	<u>4,00,62,737</u>	<u>3,88,26,570</u>

**SCHEDULE 19: ADMINISTRATIVE AND SELLING EXPENSES**

Transportation	25,30,124	43,60,859
Commission and discounts	30,18,965	48,22,306
Insurance	10,37,226	11,75,161
Rent, rates and taxes	5,52,446	41,39,932
Listing fee	16,84,692	1,19,872
Vehicle hire and maintenance	9,41,651	11,57,441
Conveyance and traveling	5,26,786	4,99,846
Directors sitting fee	2,80,000	58,000
Printing and stationery	3,39,296	2,67,541
Post, telephone and telex	4,54,729	4,33,009
Legal and professional charges	34,76,144	41,28,364
Subscription, books and periodicals	11,313	25,317
Donations	5,000	2,05,000
Provision for bad and doubtful debts	—	2,76,633
Provision for diminution in investments	—	6,540
Loss on sale of fixed assets	—	1,23,003
Water expenses	16,59,827	26,22,898
Security expenses	10,87,987	9,39,881
Miscellaneous expenses	19,24,569	18,68,717
	<u>1,95,30,755</u>	<u>2,72,30,320</u>

**SCHEDULE 20: FINANCIAL CHARGES**

Interest		
- on term loans from banks	93,910	35,982
- on unsecured loan	43,42,964	7,26,757
- on others	3,78,208	—
Bank charges	3,91,450	2,22,207
	<u>52,06,532</u>	<u>9,84,946</u>

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## SCHEDULE 21 : NOTES TO ACCOUNTS

### 1 Capital commitments and contingent liabilities

	As at 31 March 2009	As at 31 March 2008
i. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	28,00,000	—
ii. Contingent liabilities		
a. Customs and sales tax*	7,26,03,232	6,91,01,723
b. Claim against the Company not acknowledged as debts	1,80,22,000	1,80,22,000
c. Arrears of dividend on cumulative preference shares including tax on dividends	2,69,42,556	1,47,96,322

\* Amount paid under protest Rs.3,700,000.

### 2. Legal and professional charges includes the statutory auditors' remuneration as given below:

	For the year ended 31 March 2009	For the year ended 31 March 2008
Audit fees	8,00,000	75,000
Tax audit fees	—	25,000
Out of expenses	17,600	—
<b>Total</b>	<b>8,17,600</b>	<b>1,00,000</b>

### 3. Income tax expense

#### Current tax

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

#### Deferred tax

The Company has recorded the deferred tax liability of Rs. 65,470,737 on account of timing differences as at 31 March 2009 and recognized the deferred tax asset on unabsorbed depreciation, carried forward losses and other timing differences on the basis of prudence, only to the extent of the above mentioned deferred tax liability. Accordingly, there was no impact on profit and loss account.

In view of accumulated losses and in accordance with AS 22 – "Accounting for taxes on income" prescribed by the Companies (Accounting Standards) Rules, 2006, deferred tax assets on unabsorbed depreciation, carried forward losses and other temporary differences have not been recognised as there are no timing differences, the reversal of which, will result in sufficient taxable income.

### 4. In November 2000, the Company was declared to be a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, 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. As envisaged in the scheme, the net worth of the Company would become positive post conversion of 752,500 promoter preference shares (face value of Rs. 100 each) after the expiry of a period of thirty six months at par and 3,085,635 promoter preference shares shall carry the option of being converted at the option of the holder into ordinary Equity Shares of the Company after the expiry of a period of sixty months at a price to be determined in accordance with the then prevailing SEBI (DIP) guidelines or can be redeemed by the Company at par end of year 5, 6, 7 and 8 from the date of allotment. The Company is continued to be supported by the promoters for any shortfall in working capital. Further, the Company is considering option to finance the future capital investment requirement to support the expansion plans and the new facilities as envisaged in the Scheme. Sanctions for financial restructuring as accorded by the Scheme are being pursued.

**5. Earnings per share (EPS)**

The computation of EPS is set out below:

	<b>For the year ended 31 March 2009</b>	<b>For the year ended 31 March 2008</b>
<b>Earnings</b>		
Net profit /(loss) for the year	<b>(3,35,14,416)</b>	(2,00,72,952)
Add : Preference dividends including tax on dividends	<b>2,69,42,556</b>	1,47,59,322
<b>Net profit/(loss) for calculation of basic earnings per share (Rs.)</b>	<b>(6,04,56,972)</b>	(3,48,32,274)
Less: Dividends and dividend tax on convertible preference shares	<b>2,69,42,556</b>	1,47,59,322
<b>Net profit/(loss) for calculation of diluted earnings per share</b>	<b>(3,35,14,416)</b>	(2,00,72,952)
<b>Shares</b>		
Number of shares at the beginning of the year	<b>4,33,99,990</b>	1,45,00,000
Add: Equity shares issued during the year	—	2,88,99,990
Total number of equity shares outstanding at the year end	<b>4,33,99,990</b>	43,399,990
Weighted average number of equity shares ) in calculating basic EPS (in No's	<b>4,33,99,990</b>	2,81,09,340
Earnings per share of par value Rs.10 – Basic and Diluted (Rs) -	<b>(1.39)</b>	(1.22)

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

**Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956**

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## 6. Licensed capacity, installed capacity and actual production

In metric tonnes

Class of goods	As at 31 March 2009			As at 31 March 2008		
	Licensed capacity	Installed capacity	Actual production	Licensed capacity	Installed capacity	Actual production
Sorbitol	8,550	8,550	6,726	8,550	8,550	3,847
Starch	45,000	45,000	15,266	45,000	45,000	18,085
Starch by-products	—	—	7,531 *	—	—	7,760 *
Liquid glucose	—	—	—	—	—	308

Note:

Licensed and installed capacities are as certified by the management and have not been verified by the auditors as this is a technical matter.

\* In case of starch by - products the production capacity figures given are on dry basis

## 7. (A) Particulars of production, sale and stock

In metric tonnes

For the year ended 31 March 2009							
Class of goods	Opening stock		Production	Sales		Closing stock	
	Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Sorbitol	240	63,12,000	6,726	6,702	20,07,45,246	319	86,19,702
Starch	530	72,70,000	15,266	15,614	21,25,26,183	192	25,95,949
Starch by- products	18	4,01,463	7,531	7,541	7,89,58,538	8	1,87,724
Liquid glucose	—	—	—	—	—	—	—
Total	—	1,39,83,463	—	—	49,22,29,967	—	1,14,03,374

## 7 (B) Particulars of production, sale and stock

In metric tonnes

For the year ended 31 March 2008							
Class of goods	Opening stock		Production	Sales		Closing stock	
	Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Sorbitol	170	41,50,000	3,847	3,777	9,91,17,000	240	63,12,000
Starch	22	3,26,000	18,085	17,577	25,02,75,000	530	72,70,000
Starch by- products	30	4,43,883	7,760	7,772	6,65,39,388	18	4,01,463
Liquid glucose	—	—	308	308	54,61,000	—	—
Total	—	49,19,883	—	—	42,13,92,388	—	1,39,83,463

**8. Consumption of raw materials**

In metric tonnes

Raw materials	For the year ended 31 March 2009		For the year ended 31 March 2008	
	Quantity	Value	Quantity	Value
Maize	32,936	28,70,63,000	34,218	25,22,05,000
Chemicals	—	2,41,34,000	—	1,29,16,000
Starch	—	—	6	69,000
Others	—	6,97,64,141	—	5,33,81,044
<b>Total</b>	—	<b>38,09,61,141</b>	—	<b>31,85,71,044</b>

**9. Details of imported and indigenous raw material**

Raw materials	For the year ended 31 March 2009	% Percentage	For the year ended 31 March 2008	% Percentage
Imported	—	—	—	—
Indigenous	38,09,61,141	100.00	31,85,71,044	100.00
<b>Total</b>	<b>38,09,61,141</b>	<b>100.00</b>	<b>31,85,71,044</b>	<b>100.00</b>

**10. Related Parties**

**A) Related parties where control exists**

**Name of the related party**

**Nature of relationship**

T. Sandeep Kumar Reddy

Promoter Director

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

Particulars	For the year ended 31 March 2009	For the year ended 31 March 2008
Loan from promoter director	2,83,60,000	1,00,02,155
Interest expense on loan	35,82,964	7,26,757
Repayment of loan to promoter director	40,00,000	—

**C) Balances payable to related parties are as follows:-**

Particulars	For the year ended 31 March 2009	For the year ended 31 March 2008
T. Sandeep Kumar Reddy	3,75,39,154	1,00,02,155

**D) No managerial remuneration has been paid during the year**

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## 11. Segment accounting

The entire operations of the Company relate to only one segment namely, "Maize Processing". Hence Accounting Standard 17 'Segment reporting' is not applicable to the Company.

## 12. Employee benefits

The following table sets out the status of the gratuity plan as required under AS 15 (Revised)

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

#### Change in Defined Benefit Obligation

Particulars	For the year ended 31 March 2009	For the year ended 31 March 2008
Obligation at beginning of the year	26,16,040	19,31,622
Current service cost	2,09,283	1,54,530
Interest cost	6,29,589	3,09,060
Actuarial loss	16,71,231	3,38,350
Benefits paid	(3,97,387)	(1,17,521)
<b>Obligation as at year end</b>	<b>47,28,756</b>	<b>26,16,040</b>

#### Amount recognized in balance sheet

Particulars	As at 31 March 2009	As at 31 March 2008
Present value of funded obligations	47,28,756	26,16,040
Fair value on plan assets	—	—
<b>Net liability/(asset)</b>	<b>47,28,756</b>	<b>26,16,040</b>

#### Expense recognized in statement of profit and loss account

Particulars	For the year ended 31 March 2009	For the year ended 31 March 2008
Current service cost	2,09,283	1,54,530
Interest cost	6,29,589	3,09,060
Expected return on plan assets	—	—
Net actuarial loss recognized in the year	16,71,231	3,38,350
<b>Amount included in "Personnel expenses"</b>	<b>25,10,103</b>	<b>8,01,939</b>

#### Summary of actuarial assumptions

Discount Rate (p.a.)	7.00%	8%
Salary escalation rate (p.a.)	10%	4%

**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.

**13.** The trading of shares of the Company were suspended since 2000. During the year, the Company has paid the re-instatement penalty of Rs.1.53 million to the Bombay Stock Exchange. The suspension on the trading of the shares has been revoked with effect from 30 December 2008. As per the terms of revocation, the entire promoter holding of the Company shall be under a lock-in period of one year.

**14.** The financial statements for the twelve months year ended 31st March 2008 have been audited by another firm of chartered accountants.

**15. Amounts payable to Micro, Small and Medium enterprises**

The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2009 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31 March 2009	For the year ended 31 March 2008
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	<b>15,30,636</b>	19,76,872
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	<b>Nil</b>	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	<b>Nil</b>	Nil
The amount of interest accrued and remaining unpaid at the end of the year	<b>3,78,208</b>	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	<b>Nil</b>	Nil

**16. Previous year comparatives**

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

for **Gayatri BioOrganics Limited**

Sd/-  
**K S V S Sastry**  
Company Secretary

Sd/-  
**P.Maruthi Babu**  
Director

Sd/-  
**T. Sandeep Kumar Reddy**  
Chairman

Place : Hyderabad  
Date : 26 May 2009



# 18th Annual Report 2008-2009

## ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956. FOR THE YEAR ENDED 31st MARCH, 2009

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

Registration No	:	13512	State Code	:	01
Balance Sheet Date	:	31-Mar-09			

#### II Capital raised during the year (Amt in Rs.Thousands)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus issue	:	NIL	private placement	:	NIL

#### III Position of Mobilisation and Deployment of Funds

(Amt in Rs.Thousands)

Total Liabilities	:	8,62,705	Total Assets	:	8,62,705
Source of funds					
Paid-up Capital	:	8,17,813	Reserves & Surplus	:	1,000
Secured Loans	:	6,352	Unsecured Loans	:	37,539
Application of Funds					
Net Fixed Assets	:	3,08,994	Investments	:	15
Net Current Assets	:	66,737	Misc. Expenditure	:	—
Accumulated Loss	:	4,86,959			

#### IV Performance of company (Amt in Rs.Thousands)

Turnover	:	4,69,052	Total Expenditure	:	5,11,517
Profit (Loss) Before Tax	:	(33,514)	Profit (Loss) After Tax	:	(33,514)
Earning Per Share	:	(1.39)	Dividend @ %	:	NIL

#### V Generic names of Three principal products /services of companies (as per monetary terms) Item Code No. (ITC CODE)

Product Description

D-GLUCITOL (SORBITOL)	2905.44
DEXTROSE	1702.29
STARCH	1103.00

**PRINTED MATTER  
BOOK - POST**

*If undelivered, please return to:*



**Gayatri**

**BioOrganics Limited**

*(Formerly Gayatri Starchkem Limited)*

6-3-1090/C/A/1, 1st Floor, Lovely Mansion,  
Rajbhavan Road, Somajiguda,  
HYDERABAD – 500 082.

Ph : 66100111 / 66100222, Fax : 66100333

E-mail: [info@gayatribioorganics.com](mailto:info@gayatribioorganics.com)